

Department of Health and Human Services

Centers for Medicare & Medicaid Services

Office of Information Services State-Based Marketplace End of Open Enrollment State Report

Oregon

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High-Level Summary

Cover Oregon's Marketplace solution went live on October 1, 2013 with the ability for Consumer Partners and Agents (CPAs) to create accounts for individuals. However, early in the day, Cover Oregon's CPAs experienced problems creating accounts for individuals and were instructed to collect paper applications. Their focus shifted to generating client lists with the plan to reach out to clients once additional functionality in the system was rolled out.

Since October 1, Cover Oregon has continued to execute a hybrid model of processing applications consisting of call center staff manually entering applications submitted by paper or a fillable PDF into the Siebel component of the Cover Oregon solution. Oracle's OPA rules engine is used to get an eligibility determination. Once eligibility is determined, letters are mailed out to applicants providing instructions on how to select and enroll in a plan.

After go-live, Cover Oregon continued to work towards a full launch to individuals while also continuing to enhance and maintain the hybrid solution. The enhancements added to the hybrid solution include the ability of CPAs and CSRs to process enrollments once an applicant has communicated their plan selection through either returned paperwork via mail or fax or through a web portal interface Cover Oregon has launched on their public facing site. Enrollment information is exchanged with issuers via an Excel spreadsheet uploaded on a secure file transfer protocol (sFTP) site.

Cover Oregon has reported various dates for a launch of full functionality. In the early January timeframe, a decision was made to not publicly communicate full launch dates. Also, in February, a full launch of functionality was released to community partners and agents who now have the capability to enroll applicants through the web portal application, but this functionality does not work with complicated family situations. With the need to enroll as many applicants as possible, Cover Oregon has focused on maintaining the hybrid system and is currently limiting releases to production to a small set of fixes ("surgical strikes") needed to enhance these processes.

Key Production Issues:

To date, Cover Oregon has not implemented full functionality and is currently operating under a hybrid process. The issues listed below address the hybrid functionality currently in the production environment:

- **Unplanned Downtime** - Cover Oregon continues to have unplanned downtime after major promotions of code into Production. After the most recent major code migration which occurred the weekend of March 1, 2014, Cover Oregon reported that the system was down due to an issue related to the Siebel SOA. Cover Oregon was able to resolve this issue, but has decided to delay any major releases until after the open enrollment period so that they will not impede the enrollment process.
- "**Well that didn't work" Error Message** – Cover Oregon's CPAs and CSRs continue to receive this message at the end of an eligibility determination which may or may have not resulted in a determination. JIRAs (JIRA is Covered Oregon's defect management system) have been migrated to production to fix this issue which previously occurred 20-30% of the time. The most recent report from Cover Oregon (March 21, 2014) indicates that this message is now occurring 0.6% of the time.

Current Activities

Cover Oregon has decided to hold off moving "surgical strike" code to production the last two weekends of March which will take them through the open-enrollment period. The next planned migration of code to production will be a "surgical strike" fix to close open enrollment. Subsequent releases, 1.1.0.5 and 1.1.0.6 are being tested in the various test environments with a target date of April 5, 2014 for release 1.1.0.5. These releases also address changes needed to continue the hybrid process of operations.

Cover Oregon is establishing task groups to address various IT activities that need to be addressed such as performance testing, disaster recovery and identifying the tasks needed to get to a full launch. They are also working to stand up two remaining environments: DEV and INT. With these additional environments, they will be updating their operational processes to make use of these environments.

CMS continues to monitor Cover Oregon's progress through regular touch points, weekly IT check-ins, and bi-weekly senior technical leadership touch points.

1. Introduction

The sections below contain checklists of key marketplace functionality and their implementation statuses as of October 1, 2013, November 1, 2013, December 31, 2013, and March 31, 2014.

2. Application

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
Account Creation	Automated	Automated	Automated	Automated	10/01/13 Cover Oregon creates accounts for community partners and agents. To date, availability of account creation to individuals has not occurred.
Remote Identity Proofing (RIDP) automated functionality	Automated	Automated	Automated	Automated	10/01/13 functionality limited to community partners and agents. To date, RIDP by individual applicants has not occurred.
Streamlined Application	Unavailable	Unavailable	Unavailable	Unavailable	Covered Oregon has not launched their application website.
Anonymous Browsing - initial access to website without account creation (including Advanced Premium Tax Credit (APTC) calculations)	Yes	Yes	Yes	Yes	Cover Oregon implemented a contingency plan by placing Anonymous browsing functionality on the corporate website to allow public access.

3. Eligibility Determination

Function/Criteria	Functionality Achieved By				Comments
	10/1	11/1	12/31	3/31	
APTC Calculation	Unavailable	Unavailable	Automated	Automated	A workaround code solution was implemented 11/04/13 to allow Cover Oregon to implement their contingency which consists of the keying of information received on paper and fillable PDF

Function/Criteria	Functionality Achieved By				Comments
	10/1	11/1	12/31	3/31	
					applications. Customer Support staff and CPAs use this tool to make APTC calculations.
Modified Adjusted Gross Income (MAGI) Determination	Unavailable	Unavailable	Automated	Automated	A workaround code solution was implemented 11/04/13 to allow Cover Oregon to implement their contingency which consists of the keying of information received on paper and fillable PDF applications. Customer Support staff and CPAs use this tool to make APTC calculations to perform MAGI eligibility determination.
Verification Requests and Responses to and from the Federal Data Services Hub (FDSH)					
Verify Citizenship	Unavailable	Unavailable	Automated	Automated	A workaround code solution was implemented 11/04/13 to allow Cover Oregon customer support staff and CPAs to determine eligibility under the ACA. Calls to the FDSH were part of this solution.
Verify Residency	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Cover Oregon is currently not using any data sources to verify residency.
Verify Household Income & Family Size	Unavailable	Unavailable	Automated	Automated	A workaround code solution was implemented 11/04/13 to allow Cover Oregon customer support staff and CPAs to determine eligibility under the ACA. Calls to the FDSH were part of this solution.
Verify Employer	Unavailable	Unavailable	Automated	Automated	See above comment.

Function/Criteria	Functionality Achieved By				Comments
	10/1	11/1	12/31	3/31	
Sponsored Insurance for Minimum Essential Coverage (ESI MEC)					
Verify Non ESI MEC	Unavailable	Unavailable	Automated	Automated	See above comment.
Verify Lawful Presence (VLP)					
VLP Step 1	Unavailable	Unavailable	Automated	Automated	See above comment.
VLP Step 2	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon will implement VLP step 2 in a future release
VLP Step 3	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon will implement VLP step 3 in a future release
Verify any additional internal data sources executed during the application process	Unavailable	Unavailable	Automated	Automated	Cover Oregon has implemented the THG-001 interface which is used to verify whether or not an applicant has Medicaid/CHIP coverage.
Internal Account Transfer between Marketplace and Medicaid (Automated)					
From Marketplace transfer to Medicaid - Demonstrate application present in Medicaid System	Unavailable	Unavailable	Automated	Automated	Cover Oregon's interface that does an inquiry into the Medicaid system to see if the applicant is known in their system has been implemented. Even with this process, paper applications are being shared between the two groups to process enrollment.
From Medicaid transfer to Marketplace - Demonstrate application present in Marketplace System	Unavailable	Unavailable	Manual Process	Manual Process	Paper applications are being shared between the two groups to process enrollment.
Automated Exception/Exemption Process	Manual Process	Manual Process	Manual Process	Manual Process	Consumers are being instructed to either contact the Cover Oregon call center or the Department of Health and Human

Function/Criteria	Functionality Achieved By				Comments
	10/1	11/1	12/31	3/31	
					Services for more information.
Automatic Notice Generation	Manual Process	Manual Process	Manual Process	Manual Process	Notifications are sent to applicants via US. Postal mail and not through the system.

4. Enrollment

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
QHP Selection					
Filter by Provider	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon implemented a contingency plan by placing Anonymous browsing functionality on the corporate website to allow public access. This contingency gives applicants the ability to view the available plans, but does not have a filter by provider function.
Filter by Cost	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon implemented a contingency plan by placing Anonymous browsing functionality on the corporate website to allow public access. This tool does allow plans to be displayed by cost. However, this item is being identified as unavailable since the full launch of the system has not been implemented and the ability for individuals to enroll in an automated way is not available.
Change before payment made during open	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon is in the process of manually enrolling applicants as part

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
enrollment					of their contingency plan and has not communicated any processes to make changes before payment is made during open enrollment.
Change after payment made during open enrollment	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon is in the process of manually enrolling applicants as part of their contingency plan and has not communicated any processes to make changes after payment is made during open enrollment.
834 Generation for Enrollment					
To Issuers	Unavailable	Unavailable	Manual Process	Manual Process	Cover Oregon is using Excel spreadsheets to communicate enrollments to issuers.
To CMS	Unavailable	Unavailable	Unavailable	Manual Process	Cover Oregon has submitted a test spreadsheet to CMS as part of the APTC process.
999 receipt and reconciliation processes	Unavailable	Unavailable	Manual Process	Manual Process	Communication of receipt of the Excel Spreadsheets and any reconciliation is done via e-mail.
Initial and/or effectuated enrollments	Unavailable	Unavailable	Manual Process	Manual Process	Cover Oregon is exchanging an Excel Spreadsheet with issuers to communicate initial and/or effectuated enrollments.
Changes in enrollment	Unavailable	Unavailable	Manual Process	Manual Process	Cover Oregon's Excel spreadsheets exchanged with issuers has the ability to communicate changes in enrollment. However, it is not clear if a process has been defined to allow a consumer to make changes.
Disenrollment	Unavailable	Unavailable	Manual Process	Manual Process	Cover Oregon's Excel spreadsheets exchanged

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
					with issuers has the ability to communicate changes in enrollment. However, it is not clear if a process has been defined to allow a consumer to make changes.
Monthly reconciliation process with issuers and CMS	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon is waiting CMS guidelines on reconciliation before developing their own with issuers. Their goal is to use the process defined by CMS for reconciliation with the issuers.

5. Plan Management

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
Does the State have an interface with SERFF?	Yes	Yes	Yes	Yes	
Issuer review and approval					
Issuer review processes	Manual Process	Manual Process	Manual Process	Manual Process	Plan management functionality has not been promoted to production.
Issuer plan review screens	Manual Process	Manual Process	Manual Process	Manual Process	Plan management functionality has not been promoted to production. Issuers were sent PDFs to verify their plans.
State review and approval					
State review processes	Manual Process	Manual Process	Manual Process	Manual Process	The review is done through SERFF.
State plan review screens	Not Applicable	Not Applicable	Not Applicable	Not Applicable	See above.
Plan data loaded into Plan Select Screens					
Individual plan data loaded	No	No	No	Yes	Cover Oregon has demonstrated the ability to load plans in their test environment, but the functionality has not been migrated into production

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
					due to defects identified in testing.
SHOP plan data loaded	No	No	No	No	Cover Oregon has demonstrated the ability to load plans in their test environment, but the functionality has not been migrated into production due to defects identified in testing. Also, Cover Oregon has deferred SHOP functionality and has not communicated an implementation date.

6. Financial Management

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
Payments					
Payment processing	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Payments are made directly to issuers.
Billing	Not Applicable	Not Applicable	Not Applicable	Not Applicable	See comment above.

7. SHOP

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
Employer					
Employer Registration	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
Employer delegates administration	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
Employer verification/approval to participate in SHOP	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
Employee adds/deletes –	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
bulk upload					implementing SHOP functionality.
Employee adds/deletes – manual upload	No	No	No	No	Cover Oregon has deferred implementing SHOP functionality.
Employer selects plans for employees:					
One issuer all offerings	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
Multiple issuers one band	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
Total employee choice	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
Notices generated to employees	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
Billing, premium aggregation and payment process	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
Employee					
Eligible employee to purchase insurance through SHOP	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
Employee selection plan	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
Employee change of address	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
Employee change of status – full time to part time	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
If family coverage is offered, change in status, e.g. new child	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.

8. Appeals

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
Automated Appeals Processing					
Individual Marketplace Appeals	Manual Process	Manual Process	Manual Process	Manual Process	
SHOP Appeals	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
Medicaid Appeals	Manual Process	Manual Process	Manual Process	Manual Process	
Multi-factor Authentication (MFA) for appeals workers	Yes	Yes	Yes	Yes	

9. Document Management

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
Paper application processing	Unavailable	Manual Process	Manual Process	Manual Process	
Paper applications follow guidance for streamlined applications	Manual Process	Manual Process	Manual Process	Manual Process	
Document upload with the ability to associate documents with applications	Unavailable	Manual Process	Manual Process	Manual Process	Documents are imaged and attached to contact record in Siebel.

10. Reporting

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
Quarterly reports to MIDAS	Unavailable	Unavailable	Unavailable	Manual Process	Cover Oregon submitted a quarterly report to MIDAS via e-mail.

11. Call Center

Function/Criteria	Functionality Achieved By:	Comments

	10/1	11/1	12/31	3/31	
Operational Call Center					
Role based log-on	Yes	Yes	Yes	Yes	
Workflows	Automated	Automated	Automated	Automated	
Escalation Processes	Automated	Automated	Automated	Automated	

12. Consumer Assistance

12.1 Consumer Assistance for Individuals

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
Operational Portal for navigators and in-person assisters					
Navigator screens	Automated	Automated	Automated	Automated	
Navigator account creation process	Automated	Automated	Automated	Automated	An administrator with Cover Oregon creates accounts for ~~community partners and agents~~ ~~(~~CPAs~~)~~. CPAs will be able to create their own accounts when Cover Oregon does a full launch of their system.
In-person assister screens	Automated	Automated	Automated	Automated	
In-person assister account creation process	Automated	Automated	Automated	Automated	An administrator with Cover Oregon creates accounts for ~~community partners and agents~~ ~~(~~CPAs~~)~~. CPAs will be able to create their own accounts when Cover Oregon does a full launch of their system.
Multi-factor Authentication (MFA) for navigators and assisters	Yes	Yes	Yes	Yes	

12.2 Consumer Assistance for SHOP

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
Operational Portal for Brokers					
Broker screens	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
Broker account creation process	Unavailable	Unavailable	Unavailable	Unavailable	See comment above.

13. Operations

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
System monitoring process	No	No	No	No	Cover Oregon is still working on deploying their on-line application into production. Covered Oregon is monitoring their CRM system where applications are being manually processed.
Disaster Recovery/Continuity of Business Operations	No	No	No	No	Cover Oregon is using Oracle platforms and communicated their Disaster Recovery/Continuity of Business Operations plan during the Operations Readiness Review held 09/12/13 – 09/13/13. A DR/failover test took place in September, but to date results of that activity has not been shared. Also, it was communicated during the FFRDC visit with Cover Oregon that another DR/COB test will take place after the launch of full functionality occurs.

14. ELC Gate Reviews

Gate Review	Status as of:				Comments
	10/1	11/1	12/31	3/31	
FDDR	Pass	Pass	Pass	Pass	
ORR	Pass with Follow Up	Pass with Follow Up	Pass with Follow Up	Pass with Follow Up	Artifacts are still outstanding and demonstration of reporting functionality needs to take place.

Oregon Health Insurance Exchange Corporation (ORHIX) / Cover Oregon (CO) Monthly Quality Status Report

January 2013

Deliverable #2.3.e

Draft

Dated: Feburary 15th, 2013

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SECTION 1: Introduction

The Oregon Health Insurance Exchange Corporation (ORHIX), now known as Cover Oregon (CO), recognizes the value of an independent, third-party to provide formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

- **Initial Risk Assessment** - identification of initial risks facing CO
- **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
- **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of January, 2013. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.

Since July 2011, the Oregon Health Authority (OHA) has led the design and implementation of the Health Insurance Exchange – Information Technology (HIX-IT) solution, building upon the Oracle products and Enterprise architecture envisioned by the State of Oregon.

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SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. In other words, progress in some areas since last month is offset by the fact that there is one less month until the federally mandated deadlines. Additionally, categories carry different relative weight when assessing the overall risk level of the effort. For example, while 12 out of 16 Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule", and "Inter-Org Coordination" remain high (red), which drives the overall HIGH (red) risk assessment.

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally. For example, in order to meet the federal requirement that the Exchange be up and running by January 1, 2014, the system must be completed and ready to accept enrollments by October 2013. This is clearly a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is fully dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of January, including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO continues to make positive and significant progress towards the launch of the Oregon Health Insurance Exchange. The organization has and continues to demonstrate flexibility and creativity in dealing with this complex and evolving landscape.
- CO has secured 226 million dollars in Level 2 funding for the project. Approximately 90 million of this amount is dedicated for the IT portion of the product.
- CO and OHA have decided to not merge and re-baseline the Seibel component of the ORACLE product suite. Additionally, they have decided other components of the ORACLE product suite should also be multi-instance allowing more flexibility and reducing risk for CO.

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- As a result of the multi-instance ORACLE approach is was deemed best to have the CO ORACLE products reside on non-EXA or standard commercial platforms within in the ORACLE On Demand environment.

The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

Table 1: Summary Quality Standards Scorecard

Quality Rating Category	*QA Risk Level*	*Priority QA Recommendations*	*CO Risk Level*	*CO Response*
OVERALL HEALTH		• See below for specific priority recommendations. • Continue to review, update, and track all outstanding quality risks and recommendations.		• CO agrees with this risk assessment based on the statement that the endeavor itself is high risk. Much progress is being made and CO expects that to continue.
Business Mission and Goals	***Med***	• CO is creating a Business Operations Plan as a supplement to the Business Plan. This is expected to be completed by early 2013. • CO is updating the Medicaid enrollee modeling. This analysis should be shared with CMS and other States. • MAXIMUS recommends that CO formally (in a letter) articulate the dates with OHA and DHS business units as to when the window for automation and operational changes will be closed for this release with respect to Medicaid.		• CO does not disagree with the findings, but believes they belong in other areas. None of the findings, risks or recommendations relate to "Business Mission and Goals" • CO agrees that updated modeling should be shared widely. • CO agrees that deadlines should be shared with OHA and DHS in a formal written document.
Roadmap	***Med***	• A general road map has been defined that goes until 2016. • The roadmap for the first release will be in flux until scope sizing is completed. Scope sizing is expected to be		• 2013 scope lockdown will define the Version 1 elements of the road map. Additionally, staff is compiling and prioritizing products and services for Version 2 and beyond.

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Quality Rating Category	*QA Risk Level*	*Priority QA Recommendations*	*CO Risk Level*	*CO Response*
		completed for the Oct 2013 release no later than March 1st 2013.		
Scope		• Develop clear milestones, tasks and checkpoints for the Scope lockdown and sizing for the month of February. This schedule should provide CO an indication of how much scope (if any) needs to be deferred as soon as possible (preferable by mid-February). • CO and OHA should resist prolonging the requirements window any further then March 1st as it will affect the organization and schedules of the testing, training, and operational execution of the project. • CO should establish formal trigger points for OHA Medicaid system development and business units and these trigger points should be communicated to the OHA staff and Director to ensure the appropriate focus applied to meet the deadlines for the project. See att C.		• CO agrees that deadlines should be formally defined. In February CO established a deadline for MMIS inclusion. CO executive director sent a letter to OHA director informing him and organization of April 1 deadline, required deliverables, and CO mitigation strategies if deadline was not met. • Use case packets, which include the final requirements for the V1 build, will be delivered by March 1st. Agreed upon scope will be identified on March 1st.
Schedule		• Continue working towards a comprehensive integrated schedule for HIX-IT and OIS Shared Services. • Continue to identify project dependencies and critical paths. • Begin to Baseline pieces of the schedule and track for variance. Produce a variance report of the schedule.		• CO agrees with this finding. • Cover Oregon continues to work closely with OHA to mitigate staffing shortages. We currently feel comfortable with the linkage via milestones in our schedules.

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Quality Rating Category	*QA Risk Level*	*Priority QA Recommendations*	*CO Risk Level*	*CO Response*
Budget	***Med***	• Update the budget to reflect the new multi-instance architecture and organizational costs for CO.		• CO agrees with the recommendation. • This area is low risk.
Funding		• CO has secured 226 million dollars in Level 2 funding for the Exchange.		• CO agrees with the finding. • This area is low risk.
Board Governance		• Continue to work with the Board to maintain the Board Policy Manual, including adequate processes and controls related to potential conflicts of interest.		• CO agrees with the recommendation and assessment that this is a low risk area.
Inter-Org Coordination		• Formally (in writing) provide clear dates to OHA business and OIS for the near term expectations for Medicaid requirements, and MMIS system interface architecture approach and delivery. • See Attachment D, "No Wrong Door" Cooperation. Work is progressing with the OHA business group with respect to "No Wrong Door". This work may need to mature and span over multiple system releases.	***Med***	• CO agrees that a formal written deadlines document is needed. In February, CO sent such a letter regarding MMIS inclusion in the build to OHA.
Org Management		• The organization is growing at a very quick pace. CO is adapting and managing		• CO agrees.
Human Resources	***Med***	• With the advent of the multi-instance architecture approach being taken, CO may need to re-evaluate their IT organization personnel and skill sets. • CO should consider		• CO agrees and is re-evaluating personnel needs by working with OHA to determine ongoing maintenance and operations needs.

GOV_HR00045699

Quality Rating Category	*QA Risk Level*	*Priority QA Recommendations*	*CO Risk Level*	*CO Response*
		adding an experienced Product Portfolio person. This skill set would be instrumental in defining the detailed features and functions of the product and creating and managing a detailed product roadmap for the various lines of business.		
Stakeholder Management		• No findings		•
Commun-icat ion		• As the final scope is defined the initial launch expectations may need to be reestablished with the various stakeholders. • MAXIMUS expects that additional changes may occur as final development and testing is accomplished. The communication of these changes will need to be managed with the stakeholders and public.		• CO concurs with need to clarify effort and re-establish expectations, and that as changes are made the communications team will need to manage the communication of any changes. • Not noted by QA, but the following occurred in January 2013: CO had a communications RFP on the street, collected responses, a team scored responses and finalists were invited to give presentations.
Project Management	***Med***	• See attachment B Detailed reporting and tracking. • The Project Management foundational documents are awaiting a formal QC review. • See attachment F Risk Analysis for Security Approach.	***Med***	• CO agrees with this finding. • Cover Oregon has made significant progress in it's coordination with HIX-IT project planning documentation. • In addition, we are contracting for an independent security audit to validate the security models and controls in the system.
Contract Management	***Med***	• Clearly tie contractor work to the project WBS and schedule. Track progress (% complete) accordingly.	***Med***	• CO agrees • Contract work is tracked within the CO schedule along with other tasks in the effort.

GOV_HR00045700

Quality Rating Category	*QA Risk Level*	*Priority QA Recommendations*	*CO Risk Level*	*CO Response*
Product Content	[redacted]	• User Interface work by Deloitte is scheduled to be completed in by March 1st. This timeline is problematic. • See Attachment A, C, and D.	[redacted]	• CO agrees • Deloitte is delivering the highest priority UI documentation by March 1st with the remainder on March 8th. • CO is pursuing an independent security audit to address potential security concerns. • CO is working closely with OHA and DHS to determine an appropriate strategy for delivering Medicaid integration on October 1st. Medicaid integration is of high importance.
Testing	***Med***	• Create a comprehensive Test Plan that outlines the strategy for iteration and UAT & IV&V testing to be conducted by CO • The first draft of the CO test plan is due out mid-February. • Moving the CO off the Exa environment may result in a new environment for the test work. • OHA System Integration Testing is scheduled to significantly overlap CO User Acceptance Testing due to the tight schedule. This is not an idea situation and can cause coordination issues among the groups. Care should be taken not to impinge or reduce the testing window any further.	***Med***	• CO agrees • CO is working closely with OHA to build a comprehensive test plan. The CO UAT test plan was created to dovetail into the larger OHA strategy. • CO is working with OHA to ensure the priority testing areas receive the originally full planned duration.

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Table 2: QA Risk Level Tracking

Quality Rating Category	*June '12*	*July '12*	*Aug '12*	*Sept '12*	*Oct '12*	*Nov '12*	*Dec '12*	*Jan '13*	*Feb '13*
OVERALL HEALTH									
Business Mission and Goals				*M*	*M*	*M*	*M*	*M*	
Roadmap			*M*	*M*	*M*	*M*	*M*	*M*	
Scope									
Schedule									
Budget	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	
Funding	*M*	*M*	*M*	*M*	*M*	*M*	*M*		
Board Governance	*M*	*M*	*M*	*M*					
Inter-Org Coordination									
Organizational Management	*M*	*M*	*M*	*M*	*M*				
Human Resources	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	
Stakeholder Management	*M*	*M*							
Communication	*M*	*M*	*M*	*M*	*M*				
Project Management				*M*	*M*	*M*	*M*	*M*	
Contract Management	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	
Product Content	*M*								
Testing				*M*	*M*	*M*	*M*	*M*	

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SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of January, 2013.

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Section 4: Updated Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. At the client's request, unique numbering has been introduced for both risks and recommendations, to assist in tracking. For example, risks in the Business Mission and Goals section of the report can be identified as Risk-BMG-1, Risk-BMG-2, etc. Recommendations can be similarly, uniquely identified. The integrity of the numbering will be preserved during future reports.

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Quality Rating Category	Dec 2012	Jan 2013	Risk Assessment Finding, Risks, and Recommendations
Business Mission and Goals (BMG)	***Med***	***Med***	

Findings During Period:

- QA understands that CO is creating a Business Operations Plan as a supplement to the Business Plan. This document is expected to further detail the various exchange functions and plans for the first release of the exchange. A draft of this document is expected to be completed in Feb 2013.
- The Business Plan is also expected to be updated with updated enrollee projections by the end of March.
- CO is updating the Medicaid enrollee modeling by reaching out to other states that have online experience with Medicaid populations. This information will be utilized to create a model with a broader set of source material. This material is expected to add to the enrollment strategy and approach. This analysis will be a valuable piece of work that should be shared with the Feds and other States.
- The business missions and goals between OHA OIS and CO are not fully aligned with respect to Medicaid. Work is being done in this area, however, the cultures and timelines are different. March 1, 2013 will be the last date for requirements for the Oct 2013 IT release. After March 1st the work/decisions/agreements between OHA and CO for system automation of Medicaid will have to be pushed into the release due out after Oct 2013.

Risks:

1. Without a sufficiently detailed enrollment modeling and financial information in Business Plan CO may set the wrong expectations with the Board and various stakeholders.
2. Without clear understanding, communication and alignment of the deadlines and priorities for the Oct 2013 release between the business units (CO, OHA) may result in delayed launch for Medicaid.

Recommendations:

1. Complete
2. Complete
3. (In process) Utilize updated business market data, potentially from Wakely Group and other states for Medicaid enrollee projections. Use this to enhance the Business Plan document with more detailed analysis.
4. (In process) Update the detailed business model for the Exchange. Document in detail all relevant assumptions, risks, constraints and contingency plans. Update in detail, all revenue projections with justification of why they are valid. Update, in detail all costs with justification of their validity. This information should be used to model and determine long-term sustainability in a variety of circumstances. This information should be appended to the updated Business Plan. This plan should include Medicaid "take rates" for the electronic exchange, as well as references to source materials.
5. Clearly identify the business roadmap and ensure that it is connected with the business modeling and Business Plan.

SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	Cover Oregon agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue.
Business Mission and Goals	Cover Oregon agrees that as modeling is updated, the results should be shared with our state and federal partners. Deadlines should be shared with OHA and DHS in a formal written document. Cover Oregon notes that while the corporation does not disagree with the findings, they belong in other areas. None of the findings, risks or recommendations relate to "Business Mission and Goals"
Roadmap	The 2013 scope lockdown will define the Version 1 elements of the road map. Additionally, staff is compiling and prioritizing products and services for Version 2 and beyond.
Scope	AARON Finalizing scope for this project is occurring in line with the overall project's iterative structure through the weekly scope checkpoint process. Changes are continuing to be made to the requirements needed for base lining and finalization of scope. Agreed upon scope will be identified on March 1st. In February CO established a deadline for MMIS inclusion. CO executive director sent a letter to OHA director informing him and organization of April 1 deadline, required deliverables, and CO mitigation strategies if deadline was not met.
Schedule	Cover Oregon continues to work closely with OIIA to mitigate staffing shortages. We currently feel comfortable with the linkage via milestones in our schedules. There are concerns with how each scheduler is utilizing their schedule; CO would like the schedules to be used to drive decisions on scope and resource requirements. Cover Oregon will establish a weekly scheduling meeting to address this concern.
Budget	This area is low risk as we have the CCIO grant dollars. We in the L2 grant ask based our ask on what we would live with from a budgetary perspective. So a better portion of this work is done, but is in the process of finalizing as contract are put in place and enrollment number projections are finalized with the board.
Funding	This area is low risk, particularly in light of the CCIIO grant approval.
Board Governance	This area is low risk. Cover Oregon agrees that ongoing discussions with and provision of information to the Board is essential for the Board's active participation in the project.
Inter-Org Coordination	Formal written deadlines and operational agreements are required between Cover Oregon and its state partners.

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Organizational Management	Cover Oregon agrees that the organization is growing quickly. The corporation is taking steps to manage the growth and help staff adapt to change.
Human Resources	We are waiting for the board to "approve" final policies and an employment handbook and will have finalized 3/2013. We also have hired a recruiter and another generalist to round out the team to meet the HR demands of the organization. We also have put a formal onboarding process in place to get new staff acclimated as quickly as possible.
Stakeholder Management	Cover Oregon continues to actively engage stakeholders.
Commun-ications	Cover Oregon agrees that good communications will be needed to inform and educate stakeholder, consumers and others when offerings change from the initial plan, as well as over time.
Project Management	Cover Oregon has made significant progress in its coordination with HIX-IT project planning documentation. Cover Oregon has also begun the Quality Control process on its project level documentation. CO will be implementing a contract with an independent vendor for a security implementation assessment.
Contract Management	An administrative resource has been put in place to support the work of the contracts team to create a more robust process. Cover Oregon continues to closely monitor contract performance and budget.
Product Content	The scope checkpoint process in now in progress. Cover Oregon has created a comprehensive change control process, which is going through Maximus's Quality Control process. Cover Oregon, Deloitte, HIX-IT and Oracle have aligned the UI schedule to the build plan. A full lock down of the scope is planned to be complete by 3/1/13
Testing	The testing environment has not been timely or fully adequate for all CO testing needs. CO is in the process of evaluating a companion testing system to ensure we can fully execute our testing strategy. CO will continue to evaluate test schedule as we manage scope and progress

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SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

	Probable/eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
	Possible/unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT		
	Low	Med	High
High	MED		
Med		MED	
Low			MED

Attachment A: Detailed Security Concerns (July Findings)

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Findings:

- The current Identity and Access Management (IAM aka. IDM), Single Sign On (SSO), External Self-Administered Role and Role Based Access (RBAC) strategy is not well defined and can be characterized as follows (Note: this information was identified in the recent HIX-IT Logical Structure of Account 4 Whitepaper):
  - Every user in the system will have single sign-on capability in the system. This means that individual and business functions are comingled in accounts.
  - Identify proofing approach is currently unclear. Identity proofing is required to provide assurance of non-repudiation. Identity proofing of some form will be required by the Exchange due to the nature of the environment.
  - Identity proofing is currently at the individual level only. It is unclear how an employer, broker, employee, etc., will be proofed in the system for their specialized role.
  - Internal staff roles in the system are not defined.
  - External roles are intended to be self-administered, i.e., a user can join or revoke other users into and out of their accounts.

Risks:

1. Comingling of individual and business accounts is highly unusual especially in the health insurance field. While it seems like a convenience, it may not be desirable from a user, technical, or security perspective. For example, an individual user may also be a Broker. This person may log into their account at home on their personal computer. If this computer is infected with key logger, user account login information could be compromised. A malicious user would then have access to the Brokers personal account and also their Broker account which potentially compromises other employer accounts the Broker may be attached.
2. Identity proofing can be costly and can have a customer usability impact. If the ID proofing is considered to be too cumbersome by the public it can affect the use of the Exchange by the general public.
3. Additional levels of verification may need to be exercised for different roles in the system, For example, how will a Broker prove they are a legitimate Broker in the system? Not clearly planning, defining and detailing the strategy up front can result in significant delay or work stoppage in the project due to security, usability or technical issues that will continue to pop up in the project without a proper strategy and planning effort.
4. Internal system role definition may alter the expected business workflow of Cover Oregon. Doing this work later in the development or after the system is developed can cause rework and or surprises in staff workflow.
5. External self-administered roles currently known in the industry as Enterprise Dynamic Access Control (EDAC) create additional complexity of the public user experience. These types of architectures are relatively new for public use environments and if deemed too complex and not intuitive for average users, it can result in nonuse of the Exchange by the public.
6. Exchange liability for fraudulent activity due to ineffective identity management and self-administered roles is not fully evaluated. For example, Cover Oregon may be held liable or publicly embarrassed if a person fraudulently became a broker in the system and was found to be attached to a number of large Employer accounts. These types of externally, self-administered implementations are relatively new and fraught with risk for a known marketplace, let alone a marketplace in its infancy.

Recommendations:

- Account comingling: Cover Oregon should find an existence proof of individual and business comingling approach in the health care field prior to implementing this strategy. If precedence is found in the market, Cover Oregon should seek out the entity and be thoroughly briefed by the entity prior to making this decision.

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- Identity proofing: Cover Oregon should understand the requirements from CMS, IRS, etc with regards to what level of ID proofing is required prior to developing the IDM strategy. For more on Federal ID proofing levels please refer to NIST 800-63.
- Identity proofing: Identity proofing techniques are both a Business and a IT decision. Cover Oregon will ultimately need to bear the risk that the selected approach poses (legal and user acceptance). Cover Oregon should take an active role in deciding and vetting the approach with the IRS, State DOJ and potential customers of the Exchange. Again, this is the front door to the Exchange access as should be a balance between business efficiency (customer acceptance) and security.
- Identity Proofing/verification: There may be multiple layers of Identity proofing/verification required. Some users may need to provide proof as an individual only, Broker, and / or employer/employee. Cover Oregon should clearly define the requirements to HIX-IT and expect HIX-IT to create a detailed design document for ID and account management that is vetted with Cover Oregon.
- Internal role definition: Cover Oregon should overlay role requirements on their internal workflow diagrams to ensure these are identified early in the development process. There are a number of engineering articles on methods for diagramming these requirements.
- External Self-Administered Roles: Research should be conducted by Cover Oregon to fully understand what the failure rates of these types of implementations from a usability perspective. An expert should be consulted to guide Cover Oregon of necessary.
- Much greater emphasis should be placed on defining the IDM strategy for Cover Oregon.
- Reviewing analogous IDM and External Enterprise Dynamic Access Control implementations in the market place should be conducted by Cover Oregon. A comprehensive, detailed strategy should be developed and vetted by Cover Oregon and potentially an independent expert in this field.
- (Closed) .
- Where possible, full mock-ups or prototyping of the Identity proofing and external self-administered roles should be made available to the business to determine the usability impact to the customer experience prior to implementation. This determination should use market research and data to fully justify the decisions made.

Attachment B: Detailed Tracking and Reporting (August Finding)

Finding:

- The full scope of the HIX-IT development work is not fully articulated to management at Cover Oregon in a comprehensive manner. The issues are as follows:
  - There are a number of areas that need developed, including:
    - Use cases (general configuration of HIX-IT Components)
    - Interfaces to external IT Systems (approximately 60)
    - User Interface
    - Oracle Policy Automation rule development
    - Security
    - Content Management
    - Data classification and segmentation
    - Rework and refinement
  - Currently the CO Project Management is reporting the state of the 200+ use case work packages as a method of tracking project progress to Cover Oregon Management. While this is important, it only represents a portion of the overall IT development work. For example, current use case iterations being reported on may only comprise 45% of the overall IT work.
  - The current use cases that have been developed in iterations 9 through 12 are reported as "completed". According to the HIX-IT Product Planning document they are still rated as "blue" or incomplete due to the additional items identified above.

Risks:

1. Measuring Exchange Development progress via the number of use cases only will cause incorrect expectation setting and confusion on the part of Cover Oregon over the coming months.
2. Calling use cases "complete" is problematic and may cause incorrect expectation setting and confusion on the part of Cover Oregon.

Recommendations:

- Cover Oregon should work with HIX-IT Program Management to establish a more comprehensive methodology for estimating the level of effort required for the major components of the project.
- The estimating methodology established above should be closely monitored by Cover Oregon to determine its accuracy over the next few months.
- Cover Oregon PM should clearly articulate, via significant development areas and metrics, the IT development work in a manner that clearly represents a more comprehensive view of the project and progress.
- The development areas and metrics identified above should be reported to Cover Oregon's management monthly basis at a minimum.

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Attachment C: Contingency Planning (September Finding)

Findings:

OHA OIS has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA has made and/or is currently making include:

- Assuming the role of prime contractor for the overall state development effort.
- Deploying technology that is largely new to OHA.
- Deploying an integrated enterprise architectural vision that is largely new to OHA.
- Deploying a new software development lifecycle (iterative) that is new to OHA.
- Re-organizing the delivery model (centralized model) for IT projects within OHA.
- Standing up new processes to support this new delivery model.
- Merging the technology and business operations of three organizations (OHA, DHS and CO) and attempting to develop a "no wrong door" approach (see attachment D).

Furthermore, OIS does not have experience in estimating level of effort within the HIX-IT project team or within OIS shared services team using a common estimation methodology. It may take several iterations to sync the methodologies when they are stood up.

A risk was raised by the Oracle development team regarding the use of a single instance of WebCenter for development. Oracle recommended that separate instances be used as the planning and coordination issues are considerable and likely will slow development. It is our understanding that a decision has been made by OIS shared services (no written decision has been made available) to use a single instance.

Application and architecture decisions require Modernization agreement prior to implementation. The projects are on different timelines, have only partially overlapping priorities and have a different sense of urgency. See matrix below for priorities.

	DHS	OHA	CO
Individual Tax Credit	P3	P2	P1
SHOP Tax Credit	NA	NA	P1
MAGI (Medicaid/CHIP) eligibility, shopping and enrollment only	P2	P1	P2
Non-Magi			P3
Other Medical			NA
Non medical	P1	P4	NA

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The OIS and HIX-IT overall governance structure as stated in the Project Charter does not appear to be functioning. This process needs to be clarified, documented and made balanced and transparent for the business, and all development teams going forward.

OIS does not appear to have formal, detailed, documented, functioning, transparent technical governance or data governance committees.

The software applications are expected to be merged for the first time towards the end of the HIX-IT project. This has never been attempted within the OHA development teams to date. The technical components of the merge are known to some degree, but how the organization will approach and deal with "collides" on a business level has never been done in OHA/Cover Oregon.

OHA must produce, sync and baseline a variety of detailed schedules (HIX-IT, Modernization, Security, MDM, Environments, OPA/application business rules, SOA, Webcenter, PeopleSoft, IVR, UI, OBIE and CO) for this project to be successful.

OHA and the HIX-IT project has slipped a number of proposed deadlines to date (see scheduling section). Cover Oregon has a schedule that is highly dependent on the HIX-IT, Modernization, and OIS shared services schedules. And vice versa.

A number of basic project processes are not fully implemented within the OIS project structure (e.g., change control, testing, common estimation methodology, common schedule methodology, common activity diagramming methodology, etc.)

Carrier JADs and UI development work under way at CO are expected to continue until the end of the 2012. These items will probably lengthen the overall delivery timeline.

The current high level CO Timeline and the more detailed MS Project Schedule do not have specific usability testing activities identified.

Risks:

1. With the project deadline less than 1 year away and the lack of a stable and experienced organization, development and delivery teams within OHA as well as the requirements delay within CO, the probability of missing the target date is currently an issue.

Recommendations:

- CO should prepare a number of trigger points over the remaining timeline of the project to ensure that scope is continually sized to meet the target date. For example, on November 5th 2012 OHA OIS is scheduled to deliver a detailed project schedule for the remainder of the HIX-IT project. On this date, CO should have a formal review with the OHA CIO, HIX-IT, shared services project teams and QA to understand in detail the project approach, schedule, dependencies and issues. This information can then be utilized to gauge the progress against

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an internal CO confidence checklist. The objective of this review should be to determine if significant components of scope should be deferred. Each trigger point would have a different checklist depending on where the project is on the timeline. An example of a checklist for Nov 5th could be as follows:

- Can scope be locked?
- What percent of scope is outstanding?
- Are schedules for all of the project areas complete, detailed, synced, and tracked using a common methodology?
- Are all project schedules being developed with a common estimation methodology?
- Are key dependencies identified within the schedules and are they listed for the executive management to review?
- Do the schedules have any slack in them and/or does all the scope fit within the current schedule?
- Do the schedules allow for any refinement once the system is constructed?
- Do the Oracle teams agree with the schedules?
- Have Modernization and CO documented the integration points within the application for "No Wrong Door"?
- Is the data that is to be passed from each application clearly documented?
- Is HP ALM operational?
- Are the test teams on board?
- Is there a functional, technical and data governance structure that is balanced and transparent to CO in place and operational?
- Are notes and decisions from these committees clearly documented for the development teams to build from?
- Etc.

The answers to this checklist can then determine a go/no-go for the current scope. If the decision is a no-go for the current scope, CO should have a list of predefined, prioritized and agreed to scope reduction options that can be employed immediately. Scope reduction options could be looked at from a horizontal (across all CO application components) and then, if need be, from a vertical application perspective. An example of scope reduction options could be as follows:

Scope reduction examples from a horizontal perspective:

- Reduce the complexity of the current architecture.
- Defer the merge and rebaseline of code until after go live.
- Implement separate instances of Oracle components that are dependent on interagency business integration.
- Reduce the dependency on the integration with other programs by deferring the "No Wrong Door" approach.
- Implement UI wireframes using Siebel.
- Etc.

Scope reduction examples from a vertical perspective:

- Defer significant portions of the PeopleSoft components and process the billing manually.
- Defer electronic plan loading from the Carriers.
- Defer online Medicaid eligibility, plan selection and enrollment within the Exchange and process them manually.
- Etc.

Each of these options would be pre-sized so that depending on the amount estimated schedule variance or slack desired by CO an equal amount of scope can be deferred. For example, if the schedule is off by 20% and reducing the complexity of the architecture can save 20% in the schedule then this would be employed because it is prioritized high and equals the needed time savings.

The formality of this process will give CO executive management a clear understanding of the project status and enable them to pull the appropriate levers to make the project successful at a variety points in the upcoming year.

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Attachment D: "No WrongDoor" Cooperation (September Finding)

Findings:

OHA/DHS and CO have a general agreement to create a "no wrong door" approach for eligibility and enrollment for state-sponsored medical programs and commercial insurance. This requires the businesses be aligned from both the operational perspective and the informational technology perspective to create a "to-be", future business state model. This is truly a transformation to the way that health coverage is to be administered across the state. Unfortunately, there is no clear authoritative document that defines the expectations for all the programs, authority/delegated authority, governance and detailed functional roles and responsibilities.

This overall business transformational effort that is being under taken is also not currently being tracked like a formal project. Typically a project of this size would have specific governance reporting, charter, scope, tasks, milestones, deliverables, and deadlines for the interagency work that is to be accomplished both operationally and technically.

For example, technical/architectural decisions are being made that may not fully align with the intent of the CO business model. The situation is aggravated by the lack of clear and comprehensive documentation for interagency cooperation with respect to requirements, process interface points, data passing, data sharing, portal entry and exit points, identity and access management, and document sharing.

Risk:

1. Lack of a clear, detailed, integrated view of "no wrong door" will hamper a smooth implementation of this vision
2. Lack of clear direction, governance, and delegation of authority from the OHA, DHS and CO leadership will result in a missed opportunity to integrate the "no wrong door" approach in time for the October 2013 opening the Exchange.
3. Lack of a formal structure for this interagency business project will result in open ended work that may or may not yield sufficient information in time to be incorporated into the development schedule.
4. Without clear direction/requirements from the businesses, technical decisions will be made that may or may not align to the long term operational plan for the businesses. This may require rework or additional future project to realign the technical decisions being made.
5. Without clear operational agreements, staff will not be efficient in executing required transitional tasks for their programs, e.g., process reengineering, job reclassification, resource plans, inter-program agreements, etc.
6. Without a defined process, project, and governance transparency, QA, development, operations, and executive management in the stakeholder agencies will not be able to monitor the progress of the effort to ensure that it is implemented in a timeframe and manner that fits the

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vision outlined by the Directors of OHA and DHS, the Executive Director of CO for the State of Oregon.

Recommendations:

1. The Executive Directors from OHA and CO should commission the business leaders to draft a charter document for interagency transition project. An example of the makeup of a charter document may include:

1) General vision of all the leaders.
2) Scope, which identifies all the agency programs that are required to participate in the effort.
3) Governance structure that identifies the two Executive Directors of OHA and CO as the sponsors identifies the business executive's steering committee and their responsibilities.
4) Assignment of a project manager and scheduler that will produce a baseline schedule within 15 calendar days of charter implementation.
5) High level deliverables, such as:

a) All relevant agencies submit detailed information to a "no wrong door" operational and technical plan that will identify the "to-be" operational and technical requirements. This document will be required to be delivered to the steering committee no later than 45 calendar days after the project charter is released. This document should include:
   i) Identification of all policy changes for each program with respect to the "no wrong door" initiative.
   ii) Identification of the following information about each on-line application:
      (1) General screening requirements for all programs (Medicaid, QHP, etc).
      (2) Detailed map of how clients will access each program through the on-line portal (client direct, community partner, navigator staff portal, etc).
      (3) Specific data elements that is required for each application when they are passed from another application.
      (4) Identification of a common point of transfer (after screening, after application completion, etc.)
      (5) Identification of a common point of entry from a transfer (at additional screening point, selection of benefit, etc.)
   iii) Identification of the following information about their handling of paper and fax applications, phone/IVR applications:
      (1) Identification of the agency that will handle processing of specific applications/or portions of applications.
      (2) "Warm" handoff of clients that call in and require a transfer to another agency.
      (3) Identification of common staffing of support and customer service centers, if required.
   iv) Identification of any issues, risks, barriers, roadblocks or concerns to implementing the operational and technical plan. Along with any roadblocks, barriers or concerns, the agency should propose a solution or solutions as a remedy.
   v) Recommendations for the content of an integrated transition plan.

6) High-level schedule, including definition of "no wrong door" process flows and detailed requirements.

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Attachment E: (Closed) Architecture Simplification (November Finding)

Findings:

- The current architecture implementation of the ORACLE stack may not suit the operational business needs of Cover Oregon.

Background:

In the September MAXIMUS made the following statement in Attachment C of the Cover Oregon (CO) monthly report.

- Oregon Health Authority (OHA) Office Information Services (OIS) has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA have made and are currently making are as follows:
- Assuming the role of prime contractor for the overall state development effort.
- Deploying technology that is new to OHA.
- Deploying an enterprise architectural vision that is new to OHA.
- Deploying a new software development lifecycle (iterative) that is new to OHA.
- Re-organizing the delivery model (centralized model) for IT projects within OHA.
- Standing up new processes to support this new delivery model.
- Merging the technology and business operations of three organizations (OHA, DHS and Cover Oregon (CO)) and attempting to develop a "no wrong door" approach.

In general, the aggregation of the above items constitutes a very high risk for the Health Insurance Exchange ability to meet its business objectives. Two of these items are borne out of an industry belief of cost savings to an organization, items 3 and 5. This document is intended to further describe these items so that all parties have clarity of the significance of the risk taken by the State.

Definitions:

Separate instance (SI) systems – is a method of implementation where each business unit has a separate and complete technology stack for each business unit.

Global Single Instance (GSI) – is a method of implementation that consolidates common lines of business into a single instance of a technology stack from top to bottom.

Enterprise Integration Architecture (EIA) – is a method of implementation that consolidates common services of a technology stack across similar lines of business and implements separate components for less common processes. For example, security would be a shared

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service among all business units and the CRM module may be separate instances for each of the business units.

The proposed HIX-IT architecture is a hybrid of the GSI and the SI approaches.

General Implementation Characteristics

The Global Single Instance to the Separate Instance implementation approaches have an inverse relationship with respect to efficiency and flexibility. The GSI approach has the highest degree of efficiency with respect to licenses required and staff needed to operate and maintain the system. In the GSI approach the flexibility of the businesses to make changes and release new features is considerably curtailed because multiple business lines need to be consulted and agreement must be made on priorities among those businesses. This prioritization effort is required to utilize shared services resources most efficiently. Conversely, the Single Instance approach has the least efficiency and greatest flexibility.

Item 3: Deploying an enterprise architectural vision that is new to OHA.

Nationally, Health and Human Services organizations have a vision of a "No Wrong Door" approach to delivering benefits to their clients. The approach is borne out of the idea that costs can be reduced and services to clients can be improved at the same time. The "No Wrong Door" approach is also required in the ACA. It is important to note that this vision is not related to the system architecture; it is merely an operational vision. Many different architectural approaches can be deployed to implement the desired "No Wrong Door" vision.

OHA/DHS (OHA) OIS is deploying a combination of ORACLE products that together will make up the Oregon OHA and CO solution. The ORACLE solution is comprised of ORACLE developed products and products merged into Oracle through company acquisitions.

OHA has decided that a Global Single Instance (GSI) Architecture approach is the desired strategy for OHA. The GSI architecture implementation is defined by have a single instance for each ORACLE Component servicing all business entities (Modernization and CO) using the system. This decision was made prior to the establishment of the Health Insurance Exchange business. The IT industry, especially ORACLE, believes that this implementation has significant cost savings via reducing the amount of licenses and support staff required to deliver the solution to the businesses.

This architecture approach is typically an evolutionary approach of organizations that currently have separate instance CRM and ERP systems for each business unit. Gartner suggests, "This is the approach (single instance) that should be considered in the integrated organization where there is a high degree of dependence and commerce among units". The degree of integration, dependency and commerce between OHA and CO is primarily in the Medicaid arena. The commonality of the DHS/OHA and CO organizations is currently estimated to be 10% of total system Exchange volume.

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A GSI implementation architecture is typically promoted for organizations that have existing separate instances as a way to save costs and improve efficiency for common business units. For example, a manufacturing company with multiple instance architecture (separate ERP or CRM systems) for existing business lines, will evolve to a single instance architecture when they have mature, common business units, that have common businesses processes.

Separate instance systems are often moved to a single instance over a significant period of time and in a serial process using simple pilot projects. This is due to significant business process reengineering and technical challenges and complexities involved in this effort.

OHA and CO business characteristics are different then what is mentioned above in a number of ways:

- OHA and CO are separate government organizations with different business missions and goals.
- CO is a public corporation and is governed by different rules and regulations then OHA.
- OHA and DHS do not currently have common processes and governance structures.
- CO is a newly formed entity with untested Greenfield processes.
- CO and OHA have different business timelines.

OIS has also decided to implement Modernization and the Health Insurance Exchange into a single instance in a "big bang" style, i.e., OIS intends to launch the both applications simultaneously. The selection of implementation approach is a strategic decision that should be made with executive business management understanding what the technical, development, operational and maintainability risks and impacts are to the business. Forrester Research says, "that business process and applications professionals face a variety of challenges in defining the single instance and identifying an apt consolidation model and hence companies should adopt a cautious, phased consolidation strategy".

Item 5: Re-organizing the delivery model (centralized shared services model) for IT projects within OHA.

Traditionally the development of a shared-service organization (SSO) or shared-service center (SSC) within an organization is an attempt to reduce costs and standardized processes through economies of scale and centralization. A Global Service Center Benchmark study carried out by the Shared Services & Outsourcing Network (SSON) and the Hackett Group, which surveyed more than 250 companies, found that only about a third of all participants were able to generate cost savings of 20% or greater from their SSO.

Risks:

Item 3: Deploying an enterprise architectural vision that is new to OHA.

1.) The reason for adopting the GSI architecture by OIS is primarily cost savings in licensing, operations and maintenance. However, there is no formal cost benefit analysis or return on investment models in the business case to back these assertions nor are we aware that they exist elsewhere. Without a quantifiable cost benefit analysis (CBA) or minimally a "before" and

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"after" analysis of the costs under both scenarios, there is insufficient data to determine that that one approach is more cost effective then the other. The lack of mature inter-agency processes and/or inter-agency planning in the following areas would seriously affect the CBA or ROI of such a business case:

- There was limited significant business process analysis and pre-planning,
- Lack of a clearly defined inter-agency "No Wrong Door" analysis. This is fundamentally the identification of a comprehensive new service delivery model.
- Lack of a common or functional governance processes,
- Limited overlap among inter-agency processes,
- Dissimilar priorities and goals among independent state agencies,
- Lack of state staff with appropriate skill sets resulting in a heavy reliance on highly paid consultants from all over the nation.

Individually, or in aggregate, these items could easily erode any expected cost savings for years to come.

2.) In addition to the above ROI/CBA factors, a Single Instance architecture approach also has a significant overhead or tax with regards to business operations that is not clearly articulated to the participating business entities. Each time a new business line is added or there is a change to the existing business processes, the Single Instance approach requires a feasibility analysis and/or a merge of the new code with the existing production code. The analysis and/or merge process looks for technical differences between the new and the production code. These technical differences often equate to differences in business operations. These differences or "collides" require the business units to resolve their operational differences prior to launch. Once the code is merged and launched, all of the existing businesses within the Single Instance receive a new release of code.

This process poses challenges in change management, downtime for patching and maintenance, upgradability and it increases the regression testing effort significantly. Legislative rule changes in healthcare or Medicaid over the next couple of years may result in a single business line significantly disrupting other lines of businesses each time changes or new rules are enacted.

Item 5: Re-organizing the delivery model (centralized shared services model) for IT projects within OHA.

3.) OIS also uses cost reduction and standardization as their justification to implement shared services organization. Again, there is no cost benefit analysis or return on investment models in the business case to back these assertions. Without a quantifiable model or a "before" and "after" analysis of the costs under both scenarios, it is dubious to believe that one approach is more cost effective then the other. For example, the following items would seriously affect the CBA or ROI of such a business case:

- no detailed strategy by OIS to move the organization to this delivery model.
- not documenting OIS IT processes and work streams pre-implementation,

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- not focusing sufficiently on the transition period,
- not having a robust operational transition plan clarifying employee resources,
- lack of state staff resulting in an over reliance on a significant amount of highly paid consultants from all over the nation.
- not having a risk management or monitoring process in place prior to implementation,
- no proven functional or technical governance processes.

Individually, or in aggregate, these items could easily erode any expected cost savings for years to come.

Recommendation:

1.) Implementing a new Global Single Instance Architecture and a Shared Services organization requires significant inter-agency process reengineering and a major overhaul of the OIS IT department to occur simultaneously. The simultaneous execution of these initiatives introduces a compounding effect with regards to risk. Some short term risk mitigation has occurred, for example, additional ORACLE staff is being imported from around the nation to add expertise in the executive management, PMO, project management, scheduling and development areas of the organization.

In figure 1 below, a simple implementation analysis was mapped against perceived risks based on the large initiatives set in motion by OIS. This analysis shows the three implementation approaches discussed in this document and the technology characteristics relative to the business requirements and needs that can be expected from each of the approaches.

This simple analysis concludes that the EIA implementation approach may aid in reducing risk for the projects and potentially support a more flexible business environment for Cover Oregon in the foreseeable future. This risk mitigation approach of moving to an EIA implementation will potentially require an increase in upfront and O&M costs by CO.

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Figure 1.

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Attachment F: Risk Analysis for Security Implementation (Jan 2013 Finding)

Finding:

A formal security risk assessment has not been conducted on the following items:

- Individual authentication and ID proofing process
- Employer authentication and ID proofing process
- Medicaid authentication and ID proofing process.
- Co-mingling of business and user functions within the same user account.

The standard approach to implementing security controls is to utilize best practices as a guideline. Typically NIST 800 series documents are considered best practice guidelines and should be utilized in conjunction with other vendor best practices if available. Typically vendor best practices also rely on the NIST and other federal and industry documents and provide additional details as to how to implement specific products. The NIST documents typically will use the term guideline in their titles and will often link to other federal documents that are to be considered prior to the reading of the current document. The Office of Management and Budget (OMB) will issue circulars, bulletins and memorandums as guidance to Federal, State and Local governments.

In this area of e-authentication NIST 800-63 'Electronic Authentication Guideline' references the 5 step process from the OMB M 04-04 'E-Authentication Guidance for Federal Agencies'. Page 1 states the following:

"OMB guidance outlines a 5-step process by which agencies should meet their e-authentication assurance requirements:

1. Conduct a risk assessment of the government system.
2. Map identified risks to the appropriate assurance level.
3. Select technology based on e-authentication technical guidance.
4. Validate that the implemented system has met the required assurance level.
5. Periodically reassess the information system to determine technology refresh requirements.

This document (NIST 800-63) provides guidelines for implementing the third step of the above process. After completing a risk assessment and mapping the identified risks to the required assurance level, agencies can select appropriate technology that, at a minimum, meets the technical requirements for the required level of assurance. "

Steps 1 and 2 of the 5 step process above are addressed by the OMB 04-04 document. On page 1 of the OMB M 04-04 document it states, 'This document will assist agencies in

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determining their e-government authentication needs. Agency business-process owners bear the primary responsibility to identify assurance levels and strategies for providing them. This responsibility extends to electronic authentication systems." This document also states in section 4.4 "It is also important to match the required level of assurance against the cost and burden of the business, policy, and technical requirements of the chosen solution."

The HIPAA security rule, IRS 1075, NIST 800-63 and OMB 4-4 all recommend a risk analysis as a key part of the process for designing security controls for a government agency.

In general, a good risk analysis not only includes the probability of threats and vulnerabilities from the security perspective, it also includes the burden (cost, complexity and usability) to the business of implementing the recommended security control. It must do this because some security controls may be too costly or too complex for the agency or the public for which they serve.

Risk:

- Enrollment rates and brand perception can be affected by an exchange user experience that is considered too complex or difficult.
- Without a proper risk analysis by a skilled security professional (inclusive of business risks) OHA and CO will be at odds as to what are the technical risks are and how they are balanced against the business requirements.
- The business and technical side, given deadline pressure, will indicate that it is too late for a proper risk analysis and that the project must accept where it is and move forward anyway. This may be true, however, this issue will plague the business for years to come either by reduced online enrollees or by being compromised by malicious actors.
- Both sides (technical and business) will state that it is too late to conduct the risk analysis. This may be true for the April 30th deadline, however, if the initial system proves to be too cumbersome to navigate during usability testing or to easy to compromise, a system retool may be necessary prior to Oct 1 launch. Without a proper risk analysis the retool runs the risk reopening the debate between technical and business groups and/or of moving the system to the other extreme.
- Without a balanced risk analysis the system design at launch will be dictated by the loudest voices, fear, uncertainty and doubt arguments from both sides of the issue. Typically the technical groups will err on the side of too much security and the business will err on the side of too little security. Both conditions are problematic.
- Without a firm foundation on the true technical risks the security and business groups will be at odds with each other and with CMS and IRS in the future. Lack of foundational analysis will set the stage for a constant rehash of the issues.
- The State of Oregon was given an "Early Innovator Grant" with the understanding that new ground will be broken in many areas. The Federal government expects to be challenged and also to learn from the experiences of the innovator States. These experiences help to shape policy, best practices or federal guidance. The security

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issues above are very good examples of a new area that will benefit from thoughtful analysis that can be shared with the Federal government and other states going forward.

Recommendation:

- Request a formal report from the Federal entities on their risk analysis that supports any position they may currently have. Have this report reviewed by an outside security firm that is skilled in balancing security and usability for government and ecommerce systems.
- Hire a national security firm to conduct research and a security risk analysis that is limited to the scope of the items identified in the findings above. This analysis can then be used to adjust the system security controls prior to, or after the launch if required.
- Release the research and security risk analysis results to CMS and other states as a model of how to balance security and usability for Health Insurance Exchanges going forward.

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From: BONETTO Mike * GOV [BONETTO STATE EMAIL]
Sent: 1/14/2013 6:40:52 AM +0000
To: 'King Rocky' [redacted] KOLMER Sean P * GOV [KOLMER STATE EMAIL]
CC: Fauver Amy [redacted]; Karjala Aaron [redacted] LAWSON CAROLYN [redacted] Harms Kelly [redacted] Morawski Lisa [redacted]>; Leibowitz Nora [redacted]>; delaRosa Triz [redacted]>; "Jovick, Tom" [redacted]
Subject: RE: CCIIO Visit

Many thx Rock...great update.

MB

From: King Rocky [redacted]
Sent: Sunday, January 13, 2013 1:48 PM
To: BONETTO Mike * GOV; KOLMER Sean P * GOV; GOLDBERG Bruce; SAVAGE Louis D; SPEIGHT BARNEY H
Cc: Karjala Aaron; delaRosa Triz; LAWSON CAROLYN; Leibowitz Nora; Fauver Amy; Morawski Lisa; Harms Kelly; Jovick, Tom
Subject: CCIIO Visit

A thank you to Mike, Sean and Jan who helped make this week a great one with the Governor's attendance at our Board meeting.

The following are some general observations and, in some cases, some really good news.

The representatives of CCIIO headed out Friday afternoon to a) resume a vacation b) visit another state visit or c) to return to DC. They all had smiles on their faces.

Their schedule included attendance at the Board meeting on Friday, a dinner with the executive team that evening and then 4 segments on Friday, including a demonstration and run-through of the UI experience (they sat there an took a book of notes), policy meetings with Cover Oregon and Insurance Division staff and a debriefing at the conclusion of their visit.

First, it should go without saying that the Governor's presence and remarks were well received. It is a gesture they did not expect and I believe will have benefits for the state that certainly go beyond Thursday's meeting. Their discussion that evening reflected their appreciation of the comments by both the Governor and the legislative representatives. In the debriefing, some of the discussion was on Oregon's legend throughout this process vs. what is real. They pointed out how real this was and the Governor was a big part of that – the legend grows.

Some **notable non-announcements** (meaning, they told us in our private meetings but made no public announcement):

1. 1. They will be announcing in the next week that our **grant request has been approved** in the amount of approximately $226 million, **$19 million less** than requested. They have also given us assurances that we could come in for a supplemental grant if the amount they did not approve is needed in year two.
2.
3. 2. They will be sending a letter to us providing **approval of our request to include school districts** in the exchange beginning October 2015. There will be some operational and cost allocation issues that we have to deal with, but it will be workable if the state is able to provide initial development funding (can not use Federal Grant Funds).
4.
5. 3. **Of great significance,** the policy experts on the phone from DC provided the **thumbs up** to our general **OMIP/Portability reinsurance idea(s)**. Devil in the details, but I believe Lou walked out with a big smile on his face. Also, a big thanks to Gary Cohen who did some prep work for us after discussion on Thursday evening at the dinner.

During the debrief they made the following observations (I've selected only the high-lights of an hour meeting):

1. 1. No state is as far along as ours and they are convinced if we can't do it, many of the others will not be able to. We are not necessarily ahead in every detail within the categories of construction (policy, business and IT) but taken together we standout. There is only a handful that they believe are either with us or close (Maryland, Colorado, Rhode Island). They're giving us more dollars (on a per capita basis) than many other states and they believe the investment is worth it (we are their Hail-Mary as one of them put it).
2.
3. 2. One of their biggest concerns as they have talked or gone from state to state is the ability to bring up Medicaid in line with the Commercial side. They continue to have some skepticism as to whether we can pull this off (see number 3) and thus some continued and expanded IT funding for 2013 and 2014. They are behind us on this and know it will be down to the wire.

1. 3. It is all about shared services environmental challenges – they know it and we know it. They expressed that is the same for many of the other states, albeit few are attempting the integration we are. The challenge with Medicaid is not unique to state based exchanges, it is also the biggest hurdle for the federal exchange and federal-state partnerships.
2.
3. 4. They were impressed with the energy of the meeting, the staff throughout their visit and the general office environment. Much different than they experience in DC.

Other than point two and three, I asked them at the end of the debrief to name just one thing they are having a heartache or general concern about, a critical observation — something, anything and it was nada. They left more impressed than before they arrived!

So thanks to the Governor's office, Legislator Oversight committee members, Cover Oregon's staff and the executive team for a great couple of days.

Rocky

Rocky King | Executive Director | **Cover Oregon** [redacted]

REEVES Liani * GOV

From: KING Rocky [redacted]
Sent: Saturday, May 04, 2013 11:54 AM
To: BONETTO Mike * GOV; KOLMER Sean P * GOV
Subject: FW: COVER OREGON: Oracle Contract Review

A set of emails that may help keep you up on what is going on. To say that I'm spitting mad would be an understatement.

We have a board meeting on Thursday when this will be discussed in a public setting and will not reflect well on any of us. As a public corporation, the Board has adopted a policy of full transparency.

The shortfall is $11-12 million for May and June, plus 2-6 million OHA/DHS spent in April when they had no funds - but didn't know it. Most of this is due to cost allocation errors by DHS and their Modernization project. Jim S (DHS budget guy - how ever you spell it) and Carolyn should be canned but both will slip by with a wink - that's what really pisses me off. Bruce was kept in the dark on this and, as with the project itself, has not been given accurate information to act upon or choose to ignore it because of his faith in Carolyn and concentration of "transformation".

I feel like going back and distributing all of the QA (maximus) reports given to OHA that talked about the lack of transparency, fiscal accountability, etc. and called for an outside financial audit of OHA/DHS.

Sorry but I've got to sound off to someone. We can go through this on Tuesday when we meet.

Rocky

Rocky King | Executive Director | Cover Oregon [redacted]

From: King Rocky
Sent: Saturday, May 04, 2013 11:32 AM
To: Aelea Christofferson
Cc: Liz Baxter [redacted] delaRosa Triz; Jose Gonzalez [redacted]
Subject: RE: COVER OREGON: Oracle Contract Review

Thanks for your response Aelea.

The short answer to your question is the money will have to come from our Level II grant. We're identifying positions, program and operational funds, and savings on the IT side that we will be able to gather through direct contracting with Oracle. We will be recasting our budget over the next month to take into account the costs of IT for the months of May and June. This is not a cash flow problem for us. We have the grant that we can draw down from. The problem comes next year if we don't identify the appropriate savings and the fact we will be drawing down the IT federal grant funds two months earlier than planned. In sum, we included 18 months for our OHA/DHS IT costs (non CO) and now have to pick up 20 months. Additionally, the two we have to pick up are the most expensive since we are in the middle of development. I plan is to present a more detailed plan to the finance committee in June.

The interesting part of this is that OHA/DHS requested for an extension of time from the Feds to expend their grant because they were, if I may loosely quote, under budget and would need an additional 5-6 months to use all their early innovator grant funds. The request was granted based on the information supplied by OHA to the Feds (meaning expenditures vs. budget and the timing of those expenditures).

Hope this helps. See you next week.

Rocky

Rocky King | Executive Director | Cover Oregon [redacted]

From: Aelea Christofferson [redacted]

Sent: Saturday, May 04, 2013 9:30 AM
To: King Rocky
Subject: RE: COVER OREGON: Oracle Contract Review

Thank you. That helps me understand. My question is then, where is the money going to come from?

-----Original Message-----
From: King Rocky [redacted]
Sent: Friday, May 03, 2013 4:18 PM
To: Aelea Christofferson
Subject: RE: COVER OREGON: Oracle Contract Review

I couldn't get you by phone so.....here we go.

This has nothing really to do with our assumption of the project management of the IT project. In fact, I will argue that this is exactly why we needed to move in this direction.

We were told last November that OHA had enough funds to run through July or August of this year. Thus, our Level II grant request (made last November) asked that we pick up the IT costs as of 7/1. OHA ran out earlier (not Oracle - they really don't have anything to do with this - it was OHA's job to manage budget). So - mid-month in April OHA floored us with the announcement that they were out of funds (which includes costs to cover their own OHA project staff). We had no choice but to move forward with the contacts or work would have stopped. Oracle and their other contractors were not willing to work at risk for more than a few days.

This is why we are assuming the lead - we know every penny we have spent, on what and when. We have not had that information from OHA and they were not tracking correctly. So - this exhaustion of funds surprised Bruce also. I don't want to hang them out publicly so Triz and I are going to try and call each of you before the board meeting.

I am not happy about all this - they have made this my problem and it will take a lot of work over the next 18 months to make sure I do not compromise the project. I am confident that I can do that.

r

Rocky King | Executive Director | Cover Oregon [redacted]

From: Aelea Christofferson [redacted]
Sent: Friday, May 03, 2013 3:27 PM
To: King Rocky
Subject: RE: COVER OREGON: Oracle Contract Review

I was OK at first due to our discussion in your office, but at the time you told me that this would result in a lower cost because you would not be bound by some unfortunate things in the Oracle contract. We you not able to negotiate those things?

-----Original Message-----
From: King Rocky [redacted]
Sent: Friday, May 03, 2013 3:22 PM
To: Gretchen Peterson
Cc: Brown, George J. :President & CEO; Harms Kelly; Liz Baxter; Aelea Christofferson; GOLDBERG Bruce; MYERS Brenda M; SAVAGE Louis D; Morawski Lisa; BORDEN Richelle; Stephanie Swan; Peacock, Bev : CO Admin; José Gonzalez; Ken Allen; Teri Andrews; Fauver Amy; Hutchings Laura; David Barenberg; Bianco, Diana; Jovick, Tom; Karjala Aaron; delaRosa Triz
Subject: RE: COVER OREGON: Oracle Contract Review

Thanks Gretchen for the email.

It was shortfall that was not planned for nor did it result from a lack of communication or coordination with OHA. Simply put, OHA exhausted their grant funds (earlier innovator grant) faster than they had anticipated. The amount of our shortfall will be significant and we will present some general figures at the board meeting.

The contracts have been negotiated and vetted for legal issues, including sign-off by the Attorney General's office. As I said in the email, the problem is related to adequate review time by the board. We have been working on these contracts for several months but had anticipated that we would have the full month of June for review and comment. We were notified mid-April that they would be out of funds by the end of the month requiring us to accelerate the contracting process.

Cover Oregon has now assumed the full management and fiscal responsibility for the project and will not be dependent on any other organization managing the grant funds going forward. OHA will continue to provide vendor services to us under an intergovernmental agreement - specially in finishing the work around interfaces, security and testing.

It is also important for everyone to know that this issue will not impact our ability to go live in the fall.

Rocky

Rocky King | Executive Director | Cover Oregon | [redacted]

From: Gretchen Peterson [redacted]
Sent: Friday, May 03, 2013 2:00 PM
To: King Rocky
Cc: Brown, George J. :President & CEO; Harms Kelly; Liz Baxter; Aelea Christofferson; GOLDBERG Bruce; MYERS Brenda M; SAVAGE Louis D; Morawski Lisa; BORDEN Richelle; Stephanie Swan; Peacock, Bev : CO Admin; José Gonzalez; Ken Allen; Teri Andrews; Fauver Amy; Hutchings Laura; David Barenberg; Bianco, Diana; Jovick, Tom; Karjala Aaron; delaRosa Triz
Subject: Re: COVER OREGON: Oracle Contract Review

Hi Rocky,
Can you or Triz clarify how much of this expense is in the budget assumptions and to what level does this "early assumption" of this contract impact Cover Oregon. Bottom line- what's the negative budget hit from this?

I'm reading into emails that some portion was planned but not all of it. Whats that $ amount? And naturally, what's the plan to absorb the unplanned additional expense?

I trust that the contract itself has been negotiated and vetted for legal issues so my concerns are is this is a substantial unplanned financial hit and are there communication or coordination issues that contributed to the short notice that we should be aware of?

In other words, was it a lack of coordination, communication or tracking of expenditures between OHA and Cover Oregon that caused this not to be identified in a timely manner? Is there a risk that similar issues could cause future problems?

Sorry sending from my phone so forgive any typos.

Thanks,
Gretchen

Sent from my iPhone

On May 3, 2013, at 12:00 PM, "King Rocky [redacted] wrote:

Thanks George.

You are correct in the unreasonableness of my request for review in the stated time frame. I had two general options that I gave serious thought to: Instruct Oracle to cease work (we were informed that OHA had no funds to pay for contracted work beyond April 30th) in order give adequate review time for the contact or to accelerate the review and signing of the contract in order to have no gaps in the work being done. A third option was to execute an intergovernmental agreement with OHA to reimbursement costs incurred on an interim basis. However, I did not feel comfortable with that option at this time.

I left a voice message for you and would like to go through this in more detail via phone or in-person. Hopefully we can do that soon.

Rocky

Rocky King | Executive Director | Cover Oregon [redacted]

From: Brown, George J. :President & CEO [redacted]
Sent: Friday, May 03, 2013 10:31 AM
To: Harms Kelly; Liz Baxter; Aelea Christofferson; GOLDBERG Bruce; MYERS Brenda M; SAVAGE Louis D; King Rocky; Morawski Lisa; BORDEN Richelle; Stephanie Swan; Peacock, Bev : CO Admin; José Gonzalez; Ken Allen; Teri Andrews; Gretchen Peterson; Fauver Amy; Hutchings Laura; David Barenberg; Bianco, Diana; Jovick, Tom; Karjala Aaron
Cc: delaRosa Triz
Subject: RE: COVER OREGON: Oracle Contract Review

Kelly I am committed to performing my responsibilities as a board member. It is unreasonable to ask for a contract review with a 2 day suspense. I respectfully request that management allow at least a week to review complex documents.

.George

From: Harms Kelly [redacted]
Sent: Wednesday, May 01, 2013 2:25 PM
To: Liz Baxter; Aelea Christofferson; GOLDBERG Bruce; MYERS Brenda M; SAVAGE Louis D; King Rocky; Morawski Lisa; Harms Kelly; BORDEN Richelle; Stephanie Swan; Peacock, Bev : CO Admin; José Gonzalez; Ken Allen; Teri Andrews; Brown, George J. :President & CEO; Gretchen Peterson; Fauver Amy; Hutchings Laura; David Barenberg; Bianco, Diana; Jovick, Tom; Karjala Aaron
Cc: delaRosa Triz
Subject: COVER OREGON: Oracle Contract Review
Importance: High

Dear Board Members,

Per Board By-Laws, we are requesting your review of a purchase order/contract for the purchase of (1) Business Applications and associated licensing costs in the amount of $1.8 million for the first year and (2) a purchase order/contract for the development services in the amount of $45.3 million to finalize version 1 of the exchange and to manage the technology environments through December 2014 (18 months). To date, Cover Oregon has issued order documents to purchase hardware, systems software and managed cloud services for transitioning the technology environments and management from the Oregon Health Authority (OHA) to Cover Oregon. These are the two final order documents which must be negotiated to finalize the transition. Some additional information below will provide more context:

Assumption of Technology, Fiscal and Management Oversight of IT Project. The Oregon Health Authority notified Cover Oregon in this last month that they will have exhausted the original innovator grant as of May 1st. While Cover Oregon had been negotiating the contract with Oracle for the last several months, including outside oversight of the terms and conditions, we did not believe finalization would need to occur until June 1st (with contract start date as of July 1st, assumed in the Level 2 Grant request). As such, we have had to move up the starting date for the assumption of fiscal responsibility for the IT component earlier than planned. Since OHA has no money to pay IT related costs as of today, we need to move forward with the contact with Oracle this week. Oracle and other vendors are working on an "at risk" basis until signed, something neither they or us want to extend into next week.

Business Applications and Licensing. Cover Oregon is purchasing dedicated licenses for the core business software products that provide the basis for the Exchange technology implementation. The negotiated prices for the licenses have resulted in significant decrease in initial purchase and ongoing maintenance costs compared to the pricing structure provided to the OHA. This decrease is primarily due to the fact that Oracle bases licensing on operating revenue. Cover Oregon's operating revenue is much lower than OHA's which will result with ongoing maintenance costs at approximately 1/3 of the monthly cost. This reduction will be most important when the Exchange is self-sustaining starting in January 2015.

Oracle Consulting Services (OCS). Cover Oregon has also negotiated an order document for professional services to complete the implementation of version 1 of the exchange as well as to operate and maintain the exchange through December 2014. In addition, this includes services to implement a marketing management system and financial services dashboard. Cover Oregon is choosing to maintain this relationship due to the institutional knowledge that has been built by Oracle over the last year-and-a-half.

As with the previous purchase orders/contracts, our team engaged external resources including industry analysts, independent contractors and Oregon State Department of Justice to review the contract terms and conditions, and pricing throughout the negotiating process to ensure that we have the best possible contract terms and pricing.

These reviews and subsequent negotiations with Oracle took longer that we would have liked. Unfortunately, with this transition it is important that Oracle begin working directly with Cover Oregon in the next week in order to ensure the technology is soundly configured for our Go Live date of October, 2013. As such, we are asking for a very quick turnaround time of your review.

We are asking that you review the contracts and provide any feedback you might have to Triz delaRosa (cc'd on this email) by Friday, May 3. We would also be happy to schedule a call with anyone having specific questions or needing further discussion.

We have attached the following:

- Full contracts for all services - these order documents are standard for the Oracle for these particular services, there is not a Statement of Work to review:

o OD Cover Oregon, and

o Cover_Oregon_OD_TME_v4

Feel free to send in any initial thoughts/questions at your convenience to Triz. She can be reached at [redacted]

Kelly

--

Kelly Harms | Special Projects & Board Coordination [redacted]

From: WENTZ Patty [WENTZ STATE EMAIL]
Sent: 2/18/2014 11:05:38 PM +0000
To: GOLDBERG Bruce [GOLDBERG STATE EMAIL]; PALMATEER Dmitri * GOV [PALMATEER STATE EMAIL]; John Kitzhaber [redacted]; BONETTO Mike * GOV [BONETTO STATE EMAIL]; HARMONJOHNSON Nkenge * GOV [HARMON JOHNSON STATE EMAIL]; WENTZ Patty <[redacted]>; KOLMER Sean P * GOV [KOLMER STATE EMAIL]
Subject: RE: Cover Oregon Update 3pm

No one has ever accused me of being Pollyanna, so take this with a grain of salt, but we did just get this note in from a community partner:

From: <Frost>, "Frost, Roberta K." [redacted]
Date: Tuesday, February 18, 2014 2:40 PM
To: Rachel Oh [redacted]
Subject: RE: Cover Oregon Partner portal open with new features and other news

This is so awesome, I've already done two on here, it rocks.

Berta

Patty Wentz
Communications Director
Oregon Health Authority
[redacted]

From: GOLDBERG Bruce [GOLDBERG STATE EMAIL]
Sent: Tuesday, February 18, 2014 2:57 PM
To: PALMATEER Dmitri * GOV; John Kitzhaber [redacted]; BONETTO Mike * GOV; HARMONJOHNSON Nkenge; WENTZ Patty; KOLMER Sean P * GOV
Subject: Cover Oregon Update 3pm

Community Partner and Agent (CPA) site went live at 9 a.m.

It has been pretty quiet – CPAs re not flocking to the site. Many have been frustrated in the past, and likely will gravitate toward it slowly as the week progresses.

There have been successful enrollments.

Our call center now has a dedicated line for CPA's and there has not been a large volume of calls.

Most of the calls have involved re-setting passwords – which is the norm whenever people come back to the site who have not used it for some period of time.

So summary as of now:

Not enough data/usage yet for an opinion

Enrollments are occurring.

There have not been a lot of frustrated CPA's calling our call center.

More to follow as situation develops.

bruce

From: Tim Raphael [RAPHAEL CONSULTANT EMAIL]
Subject: Fwd: Kitz Tech Discussion Memo
Date: April 3, 2014 at 5:26:32 PM PDT
To: Mark Wiener [redacted], Fulcrum <[LOOPER CONSULTANT EMAIL]

Mark and Kevin,
I'd appreciate comments on the attached draft memo to the Governor…maybe too directive…no pride of authorship…
Tim

TO: Governor Kitzhaber
FROM: The Team
RE: Cover Oregon Technology Options

The focus of our meeting Friday morning is to discuss the timing and substance of the technology team's preliminary recommendation to the Cover Oregon Board. After a briefing from Alex Pettit, we have significant concerns about the recommendation of a "100-Day Plan" to continue the build-out of Cover Oregon's existing technology platform while also preparing for the possibility of moving to the federal exchange. We are convinced it would be a mistake for the board to send any signal at its meeting next week about next steps on technology.

In speaking with Alex it is clear that the technology team's recommendation was significantly influenced by CMS's late determination that if Oregon were to move to the federal exchange it would not be allowed to transfer enrollee data. Moving to the federal exchange -- which Alex concedes is the least risky technical option -- would force the state to essentially start over with all enrollment and walk away from its investment to date. Because the tech team had already ruled out adopting another state's technology as overly risky, CMS's determination essentially left the team with no option other than the default option of continuing investment in the current technology. That's problematic for two reasons. First, Alex describes Oracle's platform as having "fundamental technological and architectural problems." And second, it seems doubtful the federal exchange is actually a viable Plan B if it requires a do-over on enrollment, does not preserve any of the state's investment to date, and requires a risky technology transfer of Medicaid enrollment from Cover Oregon back to the Oregon Health Authority.

Instead of a "100-Day Plan," the tech team's recommendation would be better named the "all-in with the existing technology platform plan." And Alex says he cannot guarantee success or estimate what the total cost will be. He believes there is at least another year of development (and investment) required to build-out functionality to include renewals, change of circumstance and other modules.

There are too many questions, concerns and gaps to make a decision today. We recommend you give Alex the rest of the open enrollment period to better understand the risks, technology options and ramifications of various options, including revisiting the possibility of joining the federal exchange or adopting technology from another state. For the remainder of the open enrollment period, Cover Oregon would stick with its core message that everyone at the exchange is fully focused on boosting enrollment and that any decisions on technology will be made after the open enrollment period ends.

Alex's charge should be to identify the least risky option to ensure end-to-end online sign-ups for the public during the fall 2014 open enrollment period.

BONETTO PERSONAL EMAIL

From: [redacted]
Subject: CO follow up...
Date: April 6, 2014 10:32:07 AM PDT
To: Patricia McCaig [redacted]

Had a call last night with Bruce, Patty, Sean and Alex to discuss IT decision. It wasn't that productive as Alex and Bruce seem to have varying opinions around the state of the CO budget. Alex seems to feel that CO will be in a budget hole no matter what the decision is...which is obviously extremely concerning. Bruce doesn't feel this is the case...so they are meeting early tomorrow a.m. to make sure they're on the same page.

The biggest issue I see for this week is how to handle Thursday's CO board mtg. Media/public are anticipating a decision and we have to figure out a way to push this back another week...at least.

- The Tech Team has a mtg scheduled for tomorrow from 4-6. Believe we've agreed to cancel that mtg due to new information on other state options...and still trying to finalize budget numbers. Alex and Bruce will send an email to Tech Team members tomorrow morning notifying them about the cancelation..and will also call everyone individually to follow up with them.
- The Tech Team could come together the following Monday on 4/14 to review latest options/info and make a recommendation (depending on whether or not we have enough info).
- The CO board could/should still meet this Thursday to approve the Hamstreet contract....and then meet again the following week to review the Tech Team's recommendation. [BTW..I'm still waiting to see the revised Hamstreet contract...will send to you once I have it.]

Below are the 3 follow up items that we identified on Friday's call:
1) Other state options. Alex has done some preliminary work with Deloitte on Connecticut's model and trying to understand total costs. Alex did mention that Deloitte told him that they would need a decision by 4/20 from CO if a move to CT was made.

From: Patricia McCaig [redacted]
Subject: Re: Thoughts from Earnest Shackleton
Date: April 7, 2014 1:38:48 PM PDT
To: John Kitzhaber [redacted]

k.
Patricia McCaig
[redacted]

On Apr 7, 2014, at 1:35 PM, John Kitzhaber wrote:
Makes sense. FYI I am talking to DOJ tomorrow about legal action, timing, etc.
JK

From: Patricia McCaig [redacted]>
Date: Monday, April 7, 2014 at 1:32 PM
To: John Kitzhaber [redacted]>
Subject: Re: Thoughts from Earnest Shackleton

Yes - developing financial pros/cons of hybrid and realistic timeline for 2015. Mike and I talked offline about Oracle - we're leaning, regardless of which option, of announcing we're going "after" them. Cobbling a narrative together for the CO thursday which has to do with getting CO/you on the side of doing everything you can to stay within the budget, daylighting what that actually means in terms of product, and going after Oracle. Next, let the process work, get the evaluation of the costs/benefits out there and if there are important benefits that are must haves and cost more, then everyone decides to go for more money. But we need to start the discussion from a different place. Make sense?
Patricia McCaig
[redacted]

On Apr 7, 2014, at 1:06 PM, John Kitzhaber wrote:
Yes, Agree not to raise possibility of federal funds. Did you have any discussion of keeping the hybrid process (and recovering damages plus from Oracle)?

From: Patricia McCaig [redacted]>

Date: Monday, April 7, 2014 at 12:56 PM
To: John Kitzhaber <[redacted]>
Subject: Re: Thoughts from Earnest Shackleton

Governor, we're tracking.

First, we are headed in the direction of a presentation to the CO board on Thursday with an update on the process/complexity of the IT options - likely Bruce/Alex. And we are discussing opening the IT meetings up to the public.

Based on what we've learned today - Numbers 1 (staying with current) and 3 (Connecticut) will both beyond our budget and will require federal money in 2014 ($40-60m estimate) and both still have time and reliability questions to be answered. As a result of this information we have asked the team to come back by 6:00 p.m. Tuesday with:

1) a financial estimate for moving to the federal exchange (there is an assumption that it will be less expensive than the other options, but we don't know that)
2) a **$ 30 million scope** of work for staying with the current and/or going to Connecticut, and
3) the pros and cons (financial) of staying with the hybrid process through November, but ready with something in 2015.

(We will do further cost, time, reliability refinements of 1) staying with the current technology and 2) the Connecticut option after we review the information we've requested for tomorrow)

We think with all the information above, we should have a better ability to evaluate the risk and reliability "costs" for all of the options as well as the assess the 1-4 criteria below.

THIS IS IMPORTANT: at this point we do not think you should even raise the possibility of a need for federal funds with folks in D.C. We need so much more information before that decision - and if that does become the decision it will require substantial political setup.

Stay tuned.

Patricia McCaig
[redacted]

On Apr 7, 2014, at 12:07 PM, John Kitzhaber wrote:
Thoughts on Cover Oregon

Information we need to make a decision:

Cost, time and reliability of

1. Staying with current technology
2. Going to federal site
3. Going to Connecticut

We also need to look at each option in terms of our ability to:

1. Be financially sustainable (loss money going to federal site I think 3.5% to 2.5%)
2. Ability to move transformation of the market
3. Create minimum disruption of current enrollees
4. Maximize use of agents and community partners

I also think we need to vet the idea of staying with our hybrid process through the November enrollment to give us more time. Pros and Cons

ON the Cover Oregon Board I think we should have the hearing this week and be very transparent about the complexity and the options we are addressing even if we are not ready to make a final decision at this point. We will have to live with the story about not being able to enroll on line but we should not have to detail with stories about lack of transparency.

JK

Message

From: Sean Kolmer KOLMER PERSONAL EMAIL
Sent: 4/8/2014 11:57:06 PM
To: Mike Bonetto BONETTO PERSONAL EMAIL
Subject: Re: 6:00 call tonight -

to be clear, we will have to run the hybrid process through December in any scenario.

On Tue, Apr 8, 2014 at 3:58 PM, Mike Bonetto BONETTO PERSONAL EMAIL wrote:

---------- Forwarded message ----------
From: **Patricia McCaig**
Date: Tue, Apr 8, 2014 at 7:02 AM
Subject: 6:00 call tonight -
To: BONETTO PERSONAL EMAIL
Cc: Tim Raphae RAPHAEL PERSONAL EMAIL, Mark Wiener Kevin Looper LOOPER CONSULTANT EMAIL

Here's what I think we are expecting information on tonight from Alex and Bruce - we all on the same page?

) a financial estimate for moving to the federal exchange
2) a **$ 30 million scope** of work for staying with the current and/or going to Connecticut
3) the pros and cons (financial) of staying with the hybrid process through November, but ready with something in 2015, and
4) a deadline for the IT decision (and the logic for the deadline)

We will do further cost, time, reliability refinements of staying with the current technology and the Connecticut option after we review the information above.

Patricia McCaig

From: Patricia McCaig [redacted]>
Subject: Fwd: Update
Date: April 10, 2014 8:15:11 AM PDT
To: Mike Bonetto BONETTO PERSONAL EMAIL



FYI - you may have edits - I did my best in at 100,000 feet.
Patricia McCaig
[redacted]

Begin forwarded message:

From: Patricia McCaig [redacted]net>
Subject: Update
Date: April 9, 2014 4:59:48 PM PDT
To: John Kitzhaber [redacted]

Governor, here's my update on progress on the IT decision and the Cover Oregon meeting tomorrow. I'm not sophisticated in healthcare/IT talk, but I think I can describe the general path. Let me start with the critical updates/conclusions from last night.

In a nutshell from last night (I know you'll have questions):

1. **Investing further in the Oregon option**. With more current information from Deloitte and the tech folks on the costs and complexity of the Oregon option, the consensus is to let it go. It's not just about the costs, it is also about the complexity, the number of unknowns, the calendar and the risks of failure. We don't see a path to save it.
2. **Utilizing another state's technology.** The Connecticut option is outside our budget by 2x or 3x, would require re-enrollment, may have medicaid issues, and doesn't offer us any substantial benefits and has substantial compatibility issues. The group recommends taking it off the table.
3. **Moving to the federal exchange.** The financial estimate for moving to the federal exchange on the Cover Oregon side is within the CO budget ($20 -$30 m). Moving Medicaid to OHA, same as current service - would cost approx. $ 20 million. Bruce believes the Feds would/could pay 70% of the $ 20m with existing authority. We would take the existing engine from CO and embed it at OHA. In terms of difficulty it "is not plug and play, and it is not sending a man to the moon "- doable. It would require re-enrollment for the CO side. (Checking on whether Medicaid needs to re-enroll, don't think so). The group would recommend transitioning to the federal exchange.
NEW INFORMATION! After working through this process and arriving at the federal exchange recommendation, Bruce shared that he had been in touch with Sebelius's staff yesterday about transitioning to the federal exchange and they had indicated that the feds MIGHT provide states the opportunity to maintain a state face, but use the the federal technology to enroll on health.gov. The state could be the entry way to the federal exchange and the state might be able to manage the market, certify the plans, have whatever plans we want. This is very preliminary (but encouraging?) and not for public discussion. Bruce, Sean, Mike are on it and waiting to brief you.
4. A final decision must be announced/made no later than the end of April, and if possible, sooner, in order to provide adequate time for developing, implementing and testing the technology.

MANAGING/STAGING THE DECISION

1. Bruce and Alex will present an update Thursday to the Cover Oregon Board on the IT options. They would reiterate the key assumptions: within budget and functional by November 2014 and then walk through the process to date, that identified 9, then 3 viable options. They would recommend taking Connecticut off the table, and walk through a matrix with criteria for the two remaining options ,the Oregon option and moving to the federal exchange. **They would conclude that they need more information/work on both options.**
2. The Cover Oregon Board would ask the IT committee to meet again, on Monday April 21st to roll up their sleeves and review additional information on just these two options.
3. The Cover Oregon Board would announce that the IT committee meeting would be public.
4. The CO board would suggest a CO Board meeting for later that same week (April 22, 23, 24) to review the recommendation.
5. In the intervening week before the IT meeting, your team would be working with the feds to explore the Oregon/Federal exchange elements/option, the tech team will be scouring anticipated questions on both the federal exchange and Deloitte's response to the Oregon option, and the communications team would be getting ready for the decision and be able to get ahead of it.
6. At the IT meeting on the April 21st it is likely the IT committee will recommend moving to the federal exchange
7. If there is progress on the Oregon/Fed exchange, we would create an announcement plan around it.
8. Regardless, the Cover Oregon Board would hear and accept the federal exchange recommendation April 22, 23, or 24.

Patricia McCaig
[redacted]

Message

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

Budget-

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

1. From the legislative reports from Feb there are two key points. One it only assumes EXPENSES from federal grant for calendar year 2014. Two it assumes assessment from commercial plans AND MEDICAID as revenue in 2014 but not expenses until 2015. That is important and context I dont think Clyde understands. The projections was around $23M from these funds for operations of CO in 2015. Medicaid also has not been billed for any of this, again as CO was not needing it for 2014 anyway.

2. $20-25 v $5: This is an apples to bananas comparison. Alex is ONLY using the IT line of the budget. BG was expecting to trim others aspects of CO budget to get additional dollars WITHIN existingr resources to make any move necessary. BG asked other areas of CO to give him 20% reductions in all areas except IT for options. We should have Clyde ask for that work as well.

3. Bottom line: We should not have AP only present the IT budget as the reason for the decision. He should get those 20% estimates to also use and then it can be part of the whole package for CO Board.

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

From: Patricia McCaig [redacted]
Subject: Re: DOJ feedback on Hamstreet.
Date: April 8, 2014 10:18:58 PM PDT
To: Mike Bonetto [redacted BONETTO PERSONAL EMAIL]

[redacted]

Yes. Just read it.
Patricia McCaig
[redacted]

On Apr 8, 2014, at 10:12 PM, Mike Bonetto wrote:

We'll need to figure out a way through this tomorrow..

From: Falk Theodore C [redacted]
Sent: Tuesday, April 08, 2014 10:05 PM
To: REEVES Liani * GOV; BONETTO Mike * GOV
Cc: BOSS Fred
Subject: FW: Clyde Hamstreet & Associates ATTORNEY CLIENT PRIVILEGE

Liani and Mike.

I am following up on your conversation earlier today with Deputy AG Fred Boss about the proposed contract with Clyde Hamstreet & Associates for restructuring services. Below is a message I sent Judith Anderson at Cover Oregon which confirms the advice we have given.

We suggested bringing in someone to serve as Interim Executive Director, alongside Clyde Hamstreet as restructuring contractor. I understand there are questions about whether that proposed solution is workable.

You asked us to consider another option: leaving the Executive Director position vacant. Unfortunately that option may not work either. OAR 741.201 provides: "The executive director may employ, supervise and terminate the employment of such staff as the executive director deems necessary. The executive director shall prescribe their duties and fix their compensation, in accordance with the personnel policies adopted by the board." Thus, without an Executive Director, it is unclear how Clyde Hamstreet and his firm could accomplish their assigned task.

Under the Board Bylaws, the Executive Director is the chief administrative officer and has the sole power to sign contracts. Assuming for purposes of discussion that these powers of the Executive Director may be delegated, such a delegation would likely lose its force if the Executive Director leaves office. Thus it appears doubtful that Dr. Goldberg could, for example, delegate Executive Director powers in a way that would survive his departure.

Board Policy 3.6, "Emergency Executive Director Succession," provides:

> In order to protect the Corporation and the Board from the disruption that could result from sudden loss of Executive Director services, the Executive Director shall not fail to designate and train fewer than two management employees capable of managing the Corporation operations, complying with Ends and Executive Limitations policies, and familiar with Board and Executive Director issues and processes to enable them to take over with reasonable proficiency as an interim successor.
>
> The Executive Director shall not:
> 1. Operate without written procedures that instruct the staff on when, how, and for what reasons the emergency executive director interim plan is enacted.
> 2. Identify said persons to the Board as soon as they are named and require them to attend at least one Board meeting annually.

Assuming this Policy has been implemented, it allows at least two "management employees" to be identified "to take over with reasonable proficiency as an interim successor." This policy does not contemplate the executive director role being vacant, and it contemplates the interim successor being a management employee. While Board Policy 3.6 could be changed by the Board, altering it to allow vacancies or to allow a contractor to serve as Interim Executive Director would get right back into the statutory concerns we have raised.

As the email to Judith Anderson says, we are open to working with Cover Oregon to find a solution to getting the benefit of the work of Hamstreet & Associates. Please let us know what other ideas or approaches you may have.

Ted

[redacted]
Theodore C. Falk, Attorney-in-Charge, Health and Human Services Section
[redacted]

Please note new phone numbers starting 2/21/13

From: Falk Theodore C
Sent: Tuesday, April 08, 2014 5:45 PM
To: 'Anderson, Judith [redacted]
Subject: Clyde Hamst[redacted]IENT PRIVILEGE

Judith, I am confirming the advice we have given you today about the proposed contract with Clyde Hamstreet & Associates for restructuring services (the "Restructuring Contract").

After discussions among several General Counsel Division attorneys, we advised Cover Oregon that the barriers are nearly insuperable to having Clyde Hamstreet be Interim Executive Director. The role of the Executive Director is described in statute and in Cover Oregon Board policies. We explained that our central concern is that the Interim Executive Director must have an undivided fiduciary loyalty to Cover Oregon, which Clyde Hamstreet can't have as long as he also heads a private restructuring firm. In addition, the Interim Executive Director would be a state official subject to ORS chapter 244. Because of the conflicts of interest, any action Clyde Hamstreet took as Interim Executive Director could be called into question, so long as he remained the leader of his restructuring firm.

We proposed as an alternative that an employee of Cover Oregon be chosen as Interim Executive Director, to work with Clyde Hamstreet under whatever title Cover Oregon chooses to give him. We also considered the options of having a Cover Oregon Board member or a DAS employee play that alternative role. We advised that anyone who serves as Interim Executive Director must be appointed in the manner provided by statute, must satisfy the statutory requirements for an Executive Director, and must be prepared to serve Cover Oregon without a conflict of interest.

We are open to working with Cover Oregon to find another solution to getting the benefit of the work of Hamstreet & Associates.

Ted

--

[redacted]
Theodore C. Falk, Attorney-in-Charge, Health and Human Services Section
[redacted]

From: Christian Gaston[redacted]
Subject: Re: When can the conversation shift to Oracle?
Date: April 25, 2014 2:26:05 PM PDT
To: Patricia McCaig[redacted]>

Good. I think this is working well.

On Fri, Apr 25, 2014 at 2:24 PM, Patricia McCaig <[redacted]> wrote:

> It will get there. this started the turn and now we start the climb back out….get control again in Oregon message hopefully next week, followed by ways in which money spent can be utilized at OHA, followed by Oracle.
>
> **Patricia McCaig**
> [redacted]
>
> On Apr 25, 2014, at 1:36 PM, Christian Gaston wrote:
>
> Sarah Kliff did a quick item on Cover Oregon: http://www.vox.com/cards/obamacare/how-did-oregon-get-obamacare-so-wrong
>
> Which is OK. But what all these national outlets are missing out on is Oracle's follies.
>
> It still drives me crazy that Americans essentially assume that a corporate contractor will not do the right thing so when they screw up its the fault of management at the state.
>
> It's a logic puzzle that defies reason. Anyway, Oracle is now commenting publicly and their letter is floating out there, seems like the time is coming. Just wondering if you have thoughts on the timing.

Message

From: John Kitzhaber [redacted]
Sent: 5/24/2014 5:14:32 PM
To: Mike Bonetto [redacted] BONETTO PERSONAL EMAIL Patricia McCaig [redacted]
Subject: Debrief from Yesterday
Attachments: A Brief Debrief.docx

Good Morning,

I thrashed around a bit last night and got up and wrote down my thoughts on what happened yesterday for what it is worth. I will check in later today.

JK

A Brief Debrief

It would be good to have a debriefing of what happened yesterday. Not trying to find fault but trying to understand how this could have gone so wrong and to learn from it and make sure it does not happen again.

Here are my initial thoughts

1. We should have been ready for this. This was my first public press event after the release of the FBI investigation and the Bruce Goldberg resignation issue. We should have anticipated and prepared more intentionally and thought through questions and scenarios just as we did for the March press conference on Frist Data. We should have had our A Team there from communication office.

2. We should expect that Sandini and his ilk (as well as R trackers) are going to show up at every event until November and be prepared.

3. When there is another main speaker (e.g. Sally Jewell, Gina McCarthy) and they finish and ask for questions – and if there are none or when they are done answering – I should ask if there are any questions for me. And if there are and if they are off topic (in yesterday's cast, climate change) I should pause, let our guest leave, and then answer a few questions. Need someone from communications there to say "time for one more question."

4. DPU needs to think this though better as well and give more thought to how to get out. They brought me up an elevator from an underground parking lot as they expected protestors. They perhaps should anticipate and have an elevator holding to go back down to the underground. In this case they did not use the elevator but took me out the front door of the building (have no idea why) and I walked down the street, around the corner and into the underground exposed all the way to the press and Sandini, et al. Not good from a media/tracker exposure standpoint. Also probably not a good move from a security standpoint either.

A few more thoughts

We are totally on the defensive now. Cover Oregon has derailed any forward momentum. I do not want to hide from the press but to engage with them and use each opportunity to go on offense – with the full understanding that we will get Cover Oregon questions ... and should anticipate what they are and how to respond.

What is our plan for the next two months? It is written down? Who is charged with developing and executing it? How are we deploying the communications staff -- and other staff -- in the governors' office ... not to campaign but to use the

remarkable forum we have to go on the offensive and pro-actively generate legitimate news about the many fronts and issues on which we are engaged?

Incumbency (and a suite of impressive policy wins and issue that matter to Oregonian) is our most effective tool. Are we really using this to its full potential?

We have all the resources of the governor's office, a big communications staff, the opportunity to engage on almost any issue, to call meetings to which almost anyone we ask will show up; we are directly involved in all sorts of news worthy things from economic development, to public safety, to education, the environment, forestry issues, the Portland Harbor, fire season and drought preparedness, public health, etc. We have a solid campaign budget and which we continue to grow.

And yet we can't seem to compete with the free independent expenditure campaign that the Cover Oregon issue is giving to Dennis Richardson. Here are a few thoughts:

- Should we consider regular press availability?
- Should be having a weekly idea session where we decide on the issues we want to high light that week and how we will generate press – how we will use social media to drive it.
- What about being more aggressive with the radio – individual calls outside Portland – Eugene, Medford, Bend – with prerecorded actualities sent out to all the small more rural stations.
- What about regular edit board phone calls?

On the campaign side:

- Should we do a more recent and updated taping session with Mark Weiner – and open ended interview (that could include Cover Oregon stuff) that we could cut/edit and send out on a more intentional, aggressive and regular basis.
- Should I take some time each week and do something for our Face Book page.
- What about virtual town halls?

Message

From: Cylvia Hayes [redacted]
Sent: 5/30/2014 3:35:48 AM
To: Patricia McCaig [redacted]; John Kitzhaber [redacted]; Bill Wyatt, (SL) [redacted]; Robinhold Curtis [redacted]; Tom Imeson [redacted] Steve Marks [redacted]; Stephen Bella [redacted]; Scott Nelson [redacted]; Dan Carol [redacted]; Tim Raphael RAPHAEL PERSONAL EMAIL; Gmail Bonetto BONETTO PERSONAL EMAIL
CC: Mark Wiener [redacted]
Subject: Re: Today Governor Kitzhaber moves on Oracle

It was indeed a good day. A move back to being on offense. Great work.

C

Cylvia Hayes
CEO, 3EStrategies
[redacted]

From: Patricia McCaig [redacted]
Date: Thursday, May 29, 2014 5:21 PM
To: Cylvia Hayes [redacted], John Kitzhaber [redacted], Bill Wyatt [redacted], Curtis Robinhold [redacted] Tom Imeson [redacted], Steve Marks [redacted], Stephen Bella [redacted], Scott Nelson [redacted] Dan Carol [redacted], Tim Raphael RAPHAEL PERSONAL EMAIL, BONETTO PERSONAL EMA L [redacted]
Cc: Mark Wiener [redacted] Marshall [redacted]
Subject: Today Governor Kitzhaber moves on Oracle

All,

Today Governor Kitzhaber asked Oregon's attorney general and the US inspector general to initiate legal action to recover costs and damages from Cover Oregon's primary website contractor, Oracle. Additionally, he asked Senators Wyden and Merkley to use their positions to aid in reviewing Oracle's performance and supporting any federal legal actions.

The governor sent three letters and appeared before a joint legislative committee to provide an update on these actions.

The letters are attached. In a separate email I will send some of the press coverage. It was a good day.

Patricia McCaig

[redacted]

Message

From: Dan Carol [redacted]
Sent: 5/30/2014 3:32:14 AM
To: Patricia McCaig [redacted]
CC: Cylvia Hayes [redacted]; John Kitzhaber [redacted] Bill Wyatt, (SL) [redacted] Tom Imeson [redacted] Robinhold Curtis [redacted] Stephen Bella [redacted] Steve Marks [redacted] gmail.com]; Tim Raphael [redacted] RAPHAEL PERSONAL EMAIL Scott Nelson [redacted] hnkitzhaber.com]; [redacted] BONETTO PERSONAL EMAIL Mark Wiener [redacted] Marshall [redacted]
Subject: Re: A sampling of responses to JK on Oracle

Great work. Good day. Fabulous pivot.

And uh... Larry Ellison is a dick. With yachts. Just saying.

Nitey nite.

On Thursday, May 29, 2014, Patricia McCaig [redacted] wrote:

Channels 6 and 8, good and online.

Cover Oregon: Kitzhaber says it's time to sue Oracle for health exchange disaster

http://registerguard.com/rg/news/local/31651576-75/oregon-oracle-kitzhaber-state-website.html.csp

Oracle's tweet

https://twitter.com/ChelseaKATU/status/472144017166057472

Politico

Kitzhaber wants Oracle sued for Oregon website

By Jennifer Haberkorn

5/29/14 6:15 PM EDT

Oregon Gov. John Kitzhaber said Thursday that he has asked the state attorney general to sue the contractor behind the state's disastrous Obamacare website.

It would be the nation's first lawsuit against a contractor on an Affordable Care Act site.

"We will hold Oracle accountable for resources spent that did not produce a result," Kitzhaber, a Democrat running for re-election this fall, told state lawmakers during a legislative briefing. The California-based Oracle Corp. provided "a technology that did not in fact work," Kitzhaber said.

The governor said that litigation filed under the False Claims Act could help Oregon recover attorneys' fees, the money spent on the website, damages and possibly more.

The state has paid Oracle more than $134 million in federal funds to develop Cover Oregon, its ambitious site to implement the health care law. But the system never functioned properly, even by the end of the first open enrollment period, which was extended in Oregon until April 30.

The state has already decided to give up on the site and use the federal HealthCare.gov next year.

The FBI and GAO are conducting investigations into the system's catastrophic rollout as well, amid allegations that federal officials may have been misled before the federal dollars were approved.

Kitzhaber admitted that the state shares some of the blame for Cover Oregon's failure.

In response to a question from his Republican opponent, state Rep. Dennis Richardson, Kitzhaber said the state should have hired a system integrator to lead the project. He also said the contract should not have been written in a "times and material" manner, in which Oracle was paid for how much time it spent on the work and not for delivering a result.

The two problems "created a perfect storm on the state side" that contributed to the disaster, Kitzhaber said. But "there is no way Oracle with a straight face can say, 'Oh, we didn't know you hired us to produce a . . . workable website.'"

"They have delivered a product that didn't work," Kitzhaber said, pounding his fist on a desk.

Patricia McCaig

[redacted]

Message

From: Patricia McCaig [redacted]
Sent: 5/30/2014 5:08:36 AM
To: Dmitri P [redacted] PALMATEER PERSONAL EMAIL [redacted] BONETTO PERSONAL EMAIL
CC: Duke Shepard [redacted]
Subject: Re: oracle yahoo stock page

We must develop a strategy on all of this. It is too good. Who is the swat team?? I'm willing to do/get the work done.

PMc

On May 29, 2014, at 10:05 PM, Dmitri P [redacted] PALMATEER PERSONAL EMAIL rote:

> Look at picture and the stories under their stock headlines. That is our goal...national stories that drag on their stock price. Probably coincident that their price dropped a bit in after hours trading but worth a dream anyway.
>
> Dmitri
>
> <photo.PNG>
>
>
>
> Sent from my iPad

Message

From: Mike Bonetto [BONETTO PERSONAL EMAIL]
Sent: 4/8/2014 9:12:27 PM
To: Patricia McCaig [redacted]
Subject: Update from feds...

From: Goldberg, Bruce [mailto [redacted]
Sent: Tuesday, April 08, 2014 1:55 PM
To: BONETTO Mike * GOV; KOLMER Sean P * GOV
Subject: Federal Market

Sean and I were on a call with Marilyn Tavenner today regarding timeline for decision making about our exchange.
He will certainly fill you in on details.
However, there was a new piece of info re the federal exchange.

Two weeks ago Tereesa Miller and team were very clear that states who choose to go to the FFM will not get any funding etc.
They have now reconsidered that.

Should we choose to go to the FFM.....they would like to consider any state that goes to the FFM a state based market.
In that regard there will be funding for some functions through 2015.
States would manage their market, provide some outreach and eduction, manage assisters and perhaps some other functions.
They would continue to be considered a state based exchange and could have their own state entry into the federal market, much like idaho does now.
The state would use the federal technology to enroll people etc.

b

From: Patricia McCaig [redacted]
Subject: Fwd: Update
Date: April 10, 2014 8:15:11 AM PDT
To: Mike Bonetto BONETTO PERSONAL EMAIL



FYI - you may have edits - I did my best in at 100,000 feet.
Patricia McCaig
503.593.5250

Begin forwarded message:

From: Patricia McCaig [redacted]>
Subject: Update
Date: April 9, 2014 4:59:48 PM PDT
To: John Kitzhaber <[redacted]

Governor, here's my update on progress on the IT decision and the Cover Oregon meeting tomorrow. I'm not sophisticated in healthcare/IT talk, but I think I can describe the general path. Let me start with the critical updates/conclusions from last night.

In a nutshell from last night (I know you'll have questions):

1. **Investing further in the Oregon option**. With more current information from Deloitte and the tech folks on the costs and complexity of the Oregon option, the consensus is to let it go. It's not just about the costs, it is also about the complexity, the number of unknowns, the calendar and the risks of failure. We don't see a path to save it.
2. **Utilizing another state's technology.** The Connecticut option is outside our budget by 2x or 3x, would require re-enrollment, may have medicaid issues, and doesn't offer us any substantial benefits and has substantial compatibility issues. The group recommends taking it off the table.
3. **Moving to the federal exchange.** The financial estimate for moving to the federal exchange on the Cover Oregon side is within the CO budget ($20 -$30 m). Moving Medicaid to OHA, same as current service - would cost approx. $ 20 million. Bruce believes the Feds would/could pay 70% of the $ 20m with existing authority. We would take the existing engine from CO and embed it at OHA. In terms of difficulty it "is not plug and play, and it is not sending a man to the moon "- doable. It would require re-enrollment for the CO side. (Checking on whether Medicaid needs to re-enroll, don't think so). The group would recommend transitioning to the federal exchange.
NEW INFORMATION! After working through this process and arriving at the federal exchange recommendation, Bruce shared that he had been in touch with Sebelius's staff yesterday about transitioning to the federal exchange and they had indicated that the feds MIGHT provide states the opportunity to maintain a state face, but use the the federal technology to enroll on health.gov. The state could be the entry way to the federal exchange and the state might be able to manage the market, certify the plans, have whatever plans we want. This is very preliminary (but encouraging?) and not for public discussion. Bruce, Sean, Mike are on it and waiting to brief you.
4. A final decision must be announced/made no later than the end of April, and if possible, sooner, in order to provide adequate time for developing, implementing and testing the technology.

MANAGING/STAGING THE DECISION

1. Bruce and Alex will present an update Thursday to the Cover Oregon Board on the IT options. They would reiterate the key assumptions: within budget and functional by November 2014 and then walk through the process to date, that identified 9, then 3 viable options. They would recommend taking Connecticut off the table, and walk through a matrix with criteria for the two remaining options ,the Oregon option and moving to the federal exchange. **They would conclude that they need more information/work on both options.**
2. The Cover Oregon Board would ask the IT committee to meet again, on Monday April 21st to roll up their sleeves and review additional information on just these two options.
3. The Cover Oregon Board would announce that the IT committee meeting would be public.
4. The CO board would suggest a CO Board meeting for later that same week (April 22, 23, 24) to review the recommendation.
5. In the intervening week before the IT meeting, your team would be working with the feds to explore the Oregon/Federal exchange elements/option, the tech team will be scouring anticipated questions on both the federal exchange and Deloitte's response to the Oregon option, and the communications team would be getting ready for the decision and be able to get ahead of it.
6. At the IT meeting on the April 21st it is likely the IT committee will recommend moving to the federal exchange
7. If there is progress on the Oregon/Fed exchange, we would create an announcement plan around it.
8. Regardless, the Cover Oregon Board would hear and accept the federal exchange recommendation April 22, 23, or 24.

Patricia McCaig
[redacted]



Department of Health and Human Services

Centers for Medicare & Medicaid Services

Office of Information Services State-Based Marketplace End of Open Enrollment State Report

Oregon

Version 2.0

March 31, 2014

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High-Level Summary

Cover Oregon's Marketplace solution went live on October 1, 2013 with the ability for Consumer Partners and Agents (CPAs) to create accounts for individuals. However, early in the day, Cover Oregon's CPAs experienced problems creating accounts for individuals and were instructed to collect paper applications. Their focus shifted to generating client lists with the plan to reach out to clients once additional functionality in the system was rolled out.

Since October 1, Cover Oregon has continued to execute a hybrid model of processing applications consisting of call center staff manually entering applications submitted by paper or a fillable PDF into the Siebel component of the Cover Oregon solution. Oracle's OPA rules engine is used to get an eligibility determination. Once eligibility is determined, letters are mailed out to applicants providing instructions on how to select and enroll in a plan.

After go-live, Cover Oregon continued to work towards a full launch to individuals while also continuing to enhance and maintain the hybrid solution. The enhancements added to the hybrid solution include the ability of CPAs and CSRs to process enrollments once an applicant has communicated their plan selection through either returned paperwork via mail or fax or through a web portal interface Cover Oregon has launched on their public facing site. Enrollment information is exchanged with issuers via an Excel spreadsheet uploaded on a secure file transfer protocol (sFTP) site.

Cover Oregon has reported various dates for a launch of full functionality. In the early January timeframe, a decision was made to not publicly communicate full launch dates. Also, in February, a full launch of functionality was released to community partners and agents who now have the capability to enroll applicants through the web portal application, but this functionality does not work with complicated family situations. With the need to enroll as many applicants as possible, Cover Oregon has focused on maintaining the hybrid system and is currently limiting releases to production to a small set of fixes ("surgical strikes") needed to enhance these processes.

Key Production Issues:

To date, Cover Oregon has not implemented full functionality and is currently operating under a hybrid process. The issues listed below address the hybrid functionality currently in the production environment:

- **Unplanned Downtime** - Cover Oregon continues to have unplanned downtime after major promotions of code into Production. After the most recent major code migration which occurred the weekend of March 1, 2014, Cover Oregon reported that the system was down due to an issue related to the Siebel SOA. Cover Oregon was able to resolve this issue, but has decided to delay any major releases until after the open enrollment period so that they will not impede the enrollment process.
- "**Well that didn't work" Error Message** – Cover Oregon's CPAs and CSRs continue to receive this message at the end of an eligibility determination which may or may have not resulted in a determination. JIRAs (JIRA is Covered Oregon's defect management system) have been migrated to production to fix this issue which previously occurred 20-30% of the time. The most recent report from Cover Oregon (March 21, 2014) indicates that this message is now occurring 0.6% of the time.

Current Activities

Cover Oregon has decided to hold off moving "surgical strike" code to production the last two weekends of March which will take them through the open-enrollment period. The next planned migration of code to production will be a "surgical strike" fix to close open enrollment. Subsequent releases, 1.1.0.5 and 1.1.0.6 are being tested in the various test environments with a target date of April 5, 2014 for release 1.1.0.5. These releases also address changes needed to continue the hybrid process of operations.

Cover Oregon is establishing task groups to address various IT activities that need to be addressed such as performance testing, disaster recovery and identifying the tasks needed to get to a full launch. They are also working to stand up two remaining environments: DEV and INT. With these additional environments, they will be updating their operational processes to make use of these environments.

CMS continues to monitor Cover Oregon's progress through regular touch points, weekly IT check-ins, and bi-weekly senior technical leadership touch points.

1. Introduction

The sections below contain checklists of key marketplace functionality and their implementation statuses as of October 1, 2013, November 1, 2013, December 31, 2013, and March 31, 2014.

2. Application

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
Account Creation	Automated	Automated	Automated	Automated	10/01/13 Cover Oregon creates accounts for community partners and agents. To date, availability of account creation to individuals has not occurred.
Remote Identity Proofing (RIDP) automated functionality	Automated	Automated	Automated	Automated	10/01/13 functionality limited to community partners and agents. To date, RIDP by individual applicants has not occurred.
Streamlined Application	Unavailable	Unavailable	Unavailable	Unavailable	Covered Oregon has not launched their application website.
Anonymous Browsing - initial access to website without account creation (including Advanced Premium Tax Credit (APTC) calculations)	Yes	Yes	Yes	Yes	Cover Oregon implemented a contingency plan by placing Anonymous browsing functionality on the corporate website to allow public access.

3. Eligibility Determination

Function/Criteria	Functionality Achieved By				Comments
	10/1	11/1	12/31	3/31	
APTC Calculation	Unavailable	Unavailable	Automated	Automated	A workaround code solution was implemented 11/04/13 to allow Cover Oregon to implement their contingency which consists of the keying of information received on paper and fillable PDF

Function/Criteria	Functionality Achieved By				Comments
	10/1	11/1	12/31	3/31	
					applications. Customer Support staff and CPAs use this tool to make APTC calculations.
Modified Adjusted Gross Income (MAGI) Determination	Unavailable	Unavailable	Automated	Automated	A workaround code solution was implemented 11/04/13 to allow Cover Oregon to implement their contingency which consists of the keying of information received on paper and fillable PDF applications. Customer Support staff and CPAs use this tool to make APTC calculations to perform MAGI eligibility determination.
Verification Requests and Responses to and from the Federal Data Services Hub (FDSH)					
Verify Citizenship	Unavailable	Unavailable	Automated	Automated	A workaround code solution was implemented 11/04/13 to allow Cover Oregon customer support staff and CPAs to determine eligibility under the ACA. Calls to the FDSH were part of this solution.
Verify Residency	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Cover Oregon is currently not using any data sources to verify residency.
Verify Household Income & Family Size	Unavailable	Unavailable	Automated	Automated	A workaround code solution was implemented 11/04/13 to allow Cover Oregon customer support staff and CPAs to determine eligibility under the ACA. Calls to the FDSH were part of this solution.
Verify Employer	Unavailable	Unavailable	Automated	Automated	See above comment.

Function/Criteria	Functionality Achieved By				Comments
	10/1	11/1	12/31	3/31	
Sponsored Insurance for Minimum Essential Coverage (ESI MEC)					
Verify Non ESI MEC	Unavailable	Unavailable	Automated	Automated	See above comment.
Verify Lawful Presence (VLP)					
VLP Step 1	Unavailable	Unavailable	Automated	Automated	See above comment.
VLP Step 2	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon will implement VLP step 2 in a future release
VLP Step 3	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon will implement VLP step 3 in a future release
Verify any additional internal data sources executed during the application process	Unavailable	Unavailable	Automated	Automated	Cover Oregon has implemented the THG-001 interface which is used to verify whether or not an applicant has Medicaid/CHIP coverage.
Internal Account Transfer between Marketplace and Medicaid (Automated)					
From Marketplace transfer to Medicaid - Demonstrate application present in Medicaid System	Unavailable	Unavailable	Automated	Automated	Cover Oregon's interface that does an inquiry into the Medicaid system to see if the applicant is known in their system has been implemented. Even with this process, paper applications are being shared between the two groups to process enrollment.
From Medicaid transfer to Marketplace - Demonstrate application present in Marketplace System	Unavailable	Unavailable	Manual Process	Manual Process	Paper applications are being shared between the two groups to process enrollment.
Automated Exception/Exemption Process	Manual Process	Manual Process	Manual Process	Manual Process	Consumers are being instructed to either contact the Cover Oregon call center or the Department of Health and Human

Function/Criteria	Functionality Achieved By				Comments
	10/1	11/1	12/31	3/31	
					Services for more information.
Automatic Notice Generation	Manual Process	Manual Process	Manual Process	Manual Process	Notifications are sent to applicants via US. Postal mail and not through the system.

4. Enrollment

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
QHP Selection					
Filter by Provider	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon implemented a contingency plan by placing Anonymous browsing functionality on the corporate website to allow public access. This contingency gives applicants the ability to view the available plans, but does not have a filter by provider function.
Filter by Cost	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon implemented a contingency plan by placing Anonymous browsing functionality on the corporate website to allow public access. This tool does allow plans to be displayed by cost. However, this item is being identified as unavailable since the full launch of the system has not been implemented and the ability for individuals to enroll in an automated way is not available.
Change before payment made during open	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon is in the process of manually enrolling applicants as part

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
enrollment					of their contingency plan and has not communicated any processes to make changes before payment is made during open enrollment.
Change after payment made during open enrollment	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon is in the process of manually enrolling applicants as part of their contingency plan and has not communicated any processes to make changes after payment is made during open enrollment.
834 Generation for Enrollment					
To Issuers	Unavailable	Unavailable	Manual Process	Manual Process	Cover Oregon is using Excel spreadsheets to communicate enrollments to issuers.
To CMS	Unavailable	Unavailable	Unavailable	Manual Process	Cover Oregon has submitted a test spreadsheet to CMS as part of the APTC process.
999 receipt and reconciliation processes	Unavailable	Unavailable	Manual Process	Manual Process	Communication of receipt of the Excel Spreadsheets and any reconciliation is done via e-mail.
Initial and/or effectuated enrollments	Unavailable	Unavailable	Manual Process	Manual Process	Cover Oregon is exchanging an Excel Spreadsheet with issuers to communicate initial and/or effectuated enrollments.
Changes in enrollment	Unavailable	Unavailable	Manual Process	Manual Process	Cover Oregon's Excel spreadsheets exchanged with issuers has the ability to communicate changes in enrollment. However, it is not clear if a process has been defined to allow a consumer to make changes.
Disenrollment	Unavailable	Unavailable	Manual Process	Manual Process	Cover Oregon's Excel spreadsheets exchanged

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
					with issuers has the ability to communicate changes in enrollment. However, it is not clear if a process has been defined to allow a consumer to make changes.
Monthly reconciliation process with issuers and CMS	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon is waiting CMS guidelines on reconciliation before developing their own with issuers. Their goal is to use the process defined by CMS for reconciliation with the issuers.

5. Plan Management

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
Does the State have an interface with SERFF?	Yes	Yes	Yes	Yes	
Issuer review and approval					
Issuer review processes	Manual Process	Manual Process	Manual Process	Manual Process	Plan management functionality has not been promoted to production.
Issuer plan review screens	Manual Process	Manual Process	Manual Process	Manual Process	Plan management functionality has not been promoted to production. Issuers were sent PDFs to verify their plans.
State review and approval					
State review processes	Manual Process	Manual Process	Manual Process	Manual Process	The review is done through SERFF.
State plan review screens	Not Applicable	Not Applicable	Not Applicable	Not Applicable	See above.
Plan data loaded into Plan Select Screens					
Individual plan data loaded	No	No	No	Yes	Cover Oregon has demonstrated the ability to load plans in their test environment, but the functionality has not been migrated into production

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
					due to defects identified in testing.
SHOP plan data loaded	No	No	No	No	Cover Oregon has demonstrated the ability to load plans in their test environment, but the functionality has not been migrated into production due to defects identified in testing. Also, Cover Oregon has deferred SHOP functionality and has not communicated an implementation date.

6. Financial Management

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
Payments					
Payment processing	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Payments are made directly to issuers.
Billing	Not Applicable	Not Applicable	Not Applicable	Not Applicable	See comment above.

7. SHOP

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
Employer					
Employer Registration	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
Employer delegates administration	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
Employer verification/approval to participate in SHOP	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
Employee adds/deletes –	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
bulk upload					implementing SHOP functionality.
Employee adds/deletes – manual upload	No	No	No	No	Cover Oregon has deferred implementing SHOP functionality.
Employer selects plans for employees:					
One issuer all offerings	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
Multiple issuers one band	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
Total employee choice	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
Notices generated to employees	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
Billing, premium aggregation and payment process	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
Employee					
Eligible employee to purchase insurance through SHOP	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
Employee selection plan	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
Employee change of address	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
Employee change of status – full time to part time	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
If family coverage is offered, change in status, e.g. new child	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.

8. Appeals

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
Automated Appeals Processing					
Individual Marketplace Appeals	Manual Process	Manual Process	Manual Process	Manual Process	
SHOP Appeals	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
Medicaid Appeals	Manual Process	Manual Process	Manual Process	Manual Process	
Multi-factor Authentication (MFA) for appeals workers	Yes	Yes	Yes	Yes	

9. Document Management

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
Paper application processing	Unavailable	Manual Process	Manual Process	Manual Process	
Paper applications follow guidance for streamlined applications	Manual Process	Manual Process	Manual Process	Manual Process	
Document upload with the ability to associate documents with applications	Unavailable	Manual Process	Manual Process	Manual Process	Documents are imaged and attached to contact record in Siebel.

10. Reporting

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
Quarterly reports to MIDAS	Unavailable	Unavailable	Unavailable	Manual Process	Cover Oregon submitted a quarterly report to MIDAS via e-mail.

11. Call Center

Function/Criteria	Functionality Achieved By:	Comments

	10/1	11/1	12/31	3/31	
Operational Call Center					
Role based log-on	Yes	Yes	Yes	Yes	
Workflows	Automated	Automated	Automated	Automated	
Escalation Processes	Automated	Automated	Automated	Automated	

12. Consumer Assistance

12.1 Consumer Assistance for Individuals

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
Operational Portal for navigators and in-person assisters					
Navigator screens	Automated	Automated	Automated	Automated	
Navigator account creation process	Automated	Automated	Automated	Automated	An administrator with Cover Oregon creates accounts for ~~community partners and agents~~ ~~(~~CPAs~~)~~. CPAs will be able to create their own accounts when Cover Oregon does a full launch of their system.
In-person assister screens	Automated	Automated	Automated	Automated	
In-person assister account creation process	Automated	Automated	Automated	Automated	An administrator with Cover Oregon creates accounts for ~~community partners and agents~~ ~~(~~CPAs~~)~~. CPAs will be able to create their own accounts when Cover Oregon does a full launch of their system.
Multi-factor Authentication (MFA) for navigators and assisters	Yes	Yes	Yes	Yes	

12.2 Consumer Assistance for SHOP

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
Operational Portal for Brokers					
Broker screens	Unavailable	Unavailable	Unavailable	Unavailable	Cover Oregon has deferred implementing SHOP functionality.
Broker account creation process	Unavailable	Unavailable	Unavailable	Unavailable	See comment above.

13. Operations

Function/Criteria	Functionality Achieved By:				Comments
	10/1	11/1	12/31	3/31	
System monitoring process	No	No	No	No	Cover Oregon is still working on deploying their on-line application into production. Covered Oregon is monitoring their CRM system where applications are being manually processed.
Disaster Recovery/Continuity of Business Operations	No	No	No	No	Cover Oregon is using Oracle platforms and communicated their Disaster Recovery/Continuity of Business Operations plan during the Operations Readiness Review held 09/12/13 – 09/13/13. A DR/failover test took place in September, but to date results of that activity has not been shared. Also, it was communicated during the FFRDC visit with Cover Oregon that another DR/COB test will take place after the launch of full functionality occurs.

14. ELC Gate Reviews

Gate Review	Status as of:				Comments
	10/1	11/1	12/31	3/31	
FDDR	Pass	Pass	Pass	Pass	
ORR	Pass with Follow Up	Pass with Follow Up	Pass with Follow Up	Pass with Follow Up	Artifacts are still outstanding and demonstration of reporting functionality needs to take place.



Oregon Health Insurance Exchange Corporation (ORHIX) / Cover Oregon (CO) Monthly Quality Status Report

January 2014

Deliverable #2.1.M

FINAL

Dated: Feb 15, 2014

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SECTION 1: Introduction

Cover Oregon (CO) recognizes the value of an independent, third-party formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

- **Initial Risk Assessment** - identification of initial risks facing CO
- **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
- **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of January, 2014. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where individual consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, determine if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll through the assistance of community-based navigators and insurance agents. Applications can be submitted by mail/fax, phone and through the internet.

SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. Additionally, each rating category will carry a different relative weight when assessing the overall risk level of the effort. For example, while many of the Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule", and "Project Management" remain high (red), which drives the overall high (red) risk assessment.

The organization has made significant progress in a number of areas during the month of January, including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO has enrolled over 89K individuals in QHP and OHP plans.
- CO has hired Deloitte to conduct a risk analysis with the current system approach vs. other system options.
- The technical environments have been significantly patched over the month. This should result in more reliable releases from one environment to another.
- Cover Oregon and OHA are working well together to respond to challenges.
- The Oracle "A" team has presented its "tuning" report which seems to indicate that 5k+ simultaneous users can be accommodated on the system.
- The organization has and continues to demonstrate flexibility and creativity in dealing with this complex system delivery.
- CO continues to stabilize the production system.

The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

Table 1: Summary Quality Standards Scorecard

Quality Rating Category	*QA Risk Level*	*Priority QA Finding and Recommendations*	*CO Risk Level*	*CO Response*
OVERALL HEALTH		• See below for specific priority recommendations. • Continue to review, update, and track all outstanding quality risks and recommendations.		• The risk of the project remains high, although Cover Oregon has been successfully processing applications and enrolling consumers through a hybrid process while

Business Mission and Goals	[redacted]	• CO has been accepting and processing applications through the hybrid system solution. Over 89k individuals have been enrolled in QHP or OHP plans at the end of Jan 2014.	[redacted]	moving toward the release of online individual end-to-end functionality. • Cover Oregon has continued to focus on enrolling individual consumers using its hybrid process (paper or PDF application, processed using the system logic. This continues while full functionality through the electronic system is finalized and tested.
Roadmap	***Med***	• CO is identifying releases related to feature enhancements for 2014. • The short term focus is on increasing the stability, capacity and efficiency of the hybrid process. • MAXIMUS expects that the short term roadmap to continue to change as issues arise with the Oracle system and Oracle's ability to deliver against the current set of requirements.	***Med***	• Cover Oregon is identifying what features will be built or improved in 2014, given the budget, time and capacity of the organization. • Cover Oregon continued to focus on ensuring that consumers are able to get eligibility determinations and enroll in coverage in a timely manner. • Development and testing of core functionality for individual consumers continued during the month, for an Agent/Community Partner launch in February.
Scope	[redacted]	• Cover Oregon has directed Oracle to focus on technical releases that support prioritized functionality: hybrid process first and public website second. • The anticipated Feb releases will have a significant number of fixes and enhancements which will impact the existing workflow for both SR's and CP/A's. • Each time Oracle misses the target release date or releases with low quality, CO is put in a very difficult position. Given Oracles past performance, it is recommended that significant (30%+) slack be added to each of the release dates.	[redacted]	• At Cover Oregon's direction, in December Oracle prioritized technical releases that support hybrid processing, system stability and the eligibility and enrollment process for Customer Service, Agents, and Community Partners. • February releases do improve workflow for internal staff and external partners. • Cover Oregon is limiting scope for future releases based on what can be accomplished given time, staff and funding constraints, as well as an assessment of manual

				options. Functionality is being prioritized and will be rolled out as the system is stabilized and core functionality is complete.
Schedule		• The environments have been significantly patched over the month. This should result in more reliable releases from one environment to another. It is recommended that CO request a detailed report of the differences of the environments from Oracle. If this isn't possible CO should request a technical confirmation (system generated) that the environments are of matched configurations and revisions. • Oracle's inability to properly estimate the work and delivery will high quality for any release continues to affect the schedule and CO's ability to communicate firm dates to the public.		• The UDev and FTS environments were patched and aligned with other environments by the end of January. • Cover Oregon executive has continued to work with the most senior Oracle leadership to get agreement on deadlines and functionality releases.
Budget	***Med***	• CO has withheld payment to Oracle since Oct 2013. This amount is now estimated to be well over 20 million dollars. MAXIMUS expects that CO and Oracle will negotiate a reduced payment given the consistently late deliveries and low quality of workmanship by Oracle which has resulted in significant damage to the CO brand. • It is recommended that CO clearly articulate under which conditions payment will be released. Preferably this would be accomplished via a formal contract amendment or a binding legal document. • As of Nov 30th, 2013 CO's spending was over the budgeted amount by ~4%.	***Med***	• Cover Oregon has retained outside counsel and is discussing delivery and payment issues with Oracle. • Cover Oregon's budget work continues in January, with a focus on existing revenue sources, expected costs and potential cuts planned or proposed.
Funding		• CO has stated if the individual portal is not functional before the end of open enrollment, they will need to consider alternatives. These		• Cover Oregon has begun to develop an options analysis and is investigating opportunities for additional funding with

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		alternatives will likely have a significant funding impact. • CO has started to develop analysis of these options. • It is recommended that CO work with CMS to determine if there are opportunities for IT funding for future feature enhancements and system upgrades prior the next open enrollment period.		CMS. • Analysis is under way to identify ways to impact the IT spending rate without adversely impacting other parts of the organization.
Board Governance		• CO has hired Deloitte to conduct a risk analysis with the current system approach vs. other system options. The result of this analysis should be the basis for a "go-forward" plan that should be communicated to a minimum of the Board and CMS. • On January 1, Rocky King announced that he will step down on March 5th. The Board has begun preparing to find a replacement Executive Director. • It is recommended that the screening panel include representatives from CO including exec and line staff. • The CO Board meets on a regular basis and receives updates from the interim Director and his staff on salient business, IT and stakeholder topics.		• Deloitte is analyzing options for future IT strategy, which will inform Cover Oregon's decisions about technology next steps. • The Board hired an executive search firm to coordinate the Executive Director search. The contract indicates that staff must be included in the process.
Inter-Org Coordination ***Org Management***		• Cover Oregon and OHA are working well together to respond to challenges. • The hybrid enrollment process is the current OHA practice, making it consistent with the process for which relevant OHA staff is already trained and capable of doing. • Cover Oregon and OHA/DHS have been working together reasonable well. As issues arise the business units' work together to find a reasonable solution. • The majority of the organization has been fairly stable given the stress the		• Cover Oregon concurs with the findings related to Cover Oregon and OHA's efforts to work well together and the joint hybrid eligibility determination and enrollment processing. • Staff have been deployed to that the hybrid process is used to ensure

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	[redacted]	organization is under.	[redacted]	applicants get eligibility determinations and enrollments are processed.
Human Resources	***Med***	• There continues to be examples of staff and vendors exhibiting signs of stress and burn-out in small pockets. • Extra care should be taken by executive management to monitor for signs of stress and intervene to ensure personnel health and organizational morale during this period. • CO should review consultants/staff to determine effectiveness based on the reasons above. Consultants/staff that are burned out should be reassigned if possible, encouraged to take significant time off and/or be replaced. • HR should consider conducting spot and skip level interviews with personnel to monitor morale and health issues with personnel including contractors.	***Med***	• Cover Oregon agrees that staff is still under stress. • The executive team is aware of the issue and working to support employee and consultant health and morale.
Stakeholder Management	[redacted]	• There were no significant releases or production outages of the system for the month.	[redacted]	• Cover Oregon is providing updates to the Board, our partners, Legislature, state agency partners and news media as things evolve. • Oregon leadership continued to engage top Oracle executives during the weeks prior to releasing the portal to agents and community partners in February.
Communications	[redacted]	• CO is currently operating under increased public scrutiny. • CO has been collecting a number of positive personal stories of applicants, however, these stories are not making it into standard venues. CO should consider inserting very specific personal stories into press interview, press releases, legislative hearings,	[redacted]	• Cover Oregon has been open about its system challenges and has been communicating about both the hybrid processing of applications and the effort to get the remaining technology ready for full release. • Agents and community partners have started to use the portal again since

		Board meetings, etc. • CO has not released any dates to the public which is a reasonable strategy based on Oracle's inability to estimate work and meet system release dates.		it was opened to them with full functionality in February. Cover Oregon is relying on agents' and community partners' good experience with the improved site to impact the organizations' relationship with these partners
Project Management		• The term "blocker" has changed from the original Oct release and is now causing confusion in the public forum. It is recommended that discipline be instilled on the categorization of bugs and system issues so that the communication of progress is more coherent. • Development and release processes continue to be opaque. *These processes are considered core to the project success*. The release management process seems to be highly manual, this, in conjunction the lack of branching capability for Web Center and Siebel, makes this process challenging at best. This situation is clearly aggravated by the turnover in the release manager position. CO should consider having OMCS and consultants shadow OCS and document the release management process. • Schedule slippage and low release quality will most likely continue until Oracle deploys a deeply experienced, engineering manager to create and monitor all of the development, release and performance processes. CO should consider formally requesting from Oracle the development and release process from the Oracle engineering manager. • CO and Oracle are focused on completing the back office component of the system to wring out as much efficiency		• Through January, "Blockers" are identified issues that must be resolved for a successful launch (both bugs and unfinished functionality). This definition will be in use until we are in post-production. • Oracle worked on a more automated process in January. Cover Oregon hired a staff person to evaluate and document the release process for future transition to Cover Oregon • Cover Oregon agrees that additional improvements are need in the release process. • Cover Oregon engaged third party support in reviewing Oracle code. • Cover Oregon has retained outside counsel and will be balancing findings of independent review with MAXIMUS recommendations.

		as possible to maximize the manual operations. MAXIMUS sees this as a prudent course of action given the issues above. • It is recommended that Oracle document and submit to CO how they intend to improve the quality of their code. CO should request a formal code review by Oracle QA.		
Contract Management		• Oracle's performance is clearly lacking. Their inability to adhere to industry standards and professional software and project management tenants warrants further review. CO should consider the use of "cure" letters and/or a renegotiation of the contract to better enforce the Oracle requests stated above and a higher level of quality and adherence to schedule.		• Cover Oregon has retained external counsel, which is advising Cover Oregon on Oracle contracting and performance.
Product Content		• CO and MAXIMUS have requested, since Oct 2013, the Web Center code from Oracle. Oracle has continued to ignore this request. CO should consider initiating a "cure" letter to acquire this information. • CO has commissioned Deloitte to review the security components of the system (per SOW), however, Deloitte is expected to do a full system review, but their SOW does not reflect this work.		• Cover Oregon has retained external counsel, which is advising Cover Oregon on Oracle contracting and performance. • The Deloitte scope of work was amended to reflect the full scope of work. This process began in January.
Testing		• A formal testing process, including UAT for releases, is lacking. • The Oracle "A" team has presented its "tuning" report which seems to indicate that 5k+ simultaneous users can be accommodated on the system. To further increase this number the Oracle "A"		• In late January, Cover Oregon, Oracle and IV&V testing teams were combined under a single testing process for all releases. All fixes receive a "positive test" in each environment prior to code promotion. A Cover

	[redacted]		team have specific hardware recommendations that will be implemented post individual public portal release. • Oracle will have a significant number of fixes in the Feb 2014 release. It is imperative if the development schedule slips, time allocated to testing is not shortened given the system is in production and at a crucial point in the enrollment period.	[redacted]	Oregon BA ensures the test is effective and comprehensive. Releases go through regression testing in the Pre-production environment. Cover Oregon and the carriers developed 49 test scenarios that test critical system functionality. Regression testing runs each scenario using two user personas (e.g., Agent and CSR) to ensure greater breadth of coverage. At the request of Cover Oregon business experts, new scenarios are added to this list. • The testing team has developed specific guidelines that indicate how long it will take to fully test a new release, including regression testing. This timeline is not compromised by a slippage in development timing.

Table 2: QA Risk Level Tracking

Quality Rating Category	Apr '13	May '13	June '13	July '13	Aug '13	Sept '13	Oct '13	Nov '13	Dec '13	Jan '14
OVERALL HEALTH										
Business Mission and Goals						M				
Roadmap	M	M	M	M	M	M	M	M	M	M
Scope										
Schedule										
Budget	M	M	M	M	M	M	M	M	M	M
Funding								M		
Board Governance										
Inter-Org Coordination						M	M	M		
Organizational Management										
Human Resources	M	M	M	M	M	M			M	M
Stakeholder Management						M	M	M	M	
Communication	M	M	M	M	M	M	M			
Project Management										
Contract Management						M	M			
Product Content										
Testing										

SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of January, 2014.

Section 4: Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate.

Table 3: Detailed Quality Standards Scorecard

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Quality Rating Category	*Dec 2013*	*Jan 2014*	*Risk Assessment Finding, Risks, and Recommendations*
Business Mission and Goals (BMG)			
			Findings: • CO has been accepting and processing applications through the hybrid system solution. Over 89k individuals have been enrolled in QHP or OHP plans at the end of Jan 2014. • The Exchanged was launched to only Agents and Community Partners using a combination of the Deloitte built website and the Oracle system. The Deloitte website is housed using Amazon's cloud service. This site will enable public users, Agents and Community Partners to enter in their information to determine tax credits, browse plans and review plan information and costs. This information can be utilized to fill out paper applications via a PDF form. The site has been extended to also allow applicants to add in enrollment information. • The Oracle system was released to Agents and Community Partners only and has increased to do some eligibility determination. Additional functionality is intended to be available in future releases. Each subsequent release will most likely go into production with known defects and manual workarounds. ***Risks:*** • Without a detailed system release plan, coordination of IT, OPS and Marketing and training may not be in full alignment for each subsequent release. • Launching the Oracle system with known defects may result in a bad user experience which could affect the CO brand long term. ***Recommendations*:** • Ensure that each Oracle release is tested and defects are well documented. These defects, if accepted by CO, will drive workaround and contingency plans.CO should ensure these are all well documented and communicated to internal staff. In addition, this information will drive the training for the CP/A on each release and CO should ensure that training and materials are available to the CP/A prior to releasing the Oracle software to production. • Continue to refine the feature roadmap and ensure that it is connected with the business strategy, marketing, training and communications as well as OHA/DHS.

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Roadmap (RM)	***Med***	***Med***	
			Findings: • MAXIMUS expects that the short term roadmap to continue to change as issues arise with the Oracle system and Oracle's ability to deliver against the current set of requirements. • The short term focus is on increasing the stability, capacity and efficiency of the hybrid process. • This month Cover Oregon focused system releases and improvements to functionality on changes that impacted customer service and community partner/agent access. • CO is identifying releases related to feature enhancements for 2014. ***Risks:*** • Without a clear, comprehensive, and authoritative description of the Exchange roadmap, the project will likely continue to have incomplete data for future budgeting and unclear project priorities. • Without a process for determining the roadmap priorities it will be difficult to determine what features will have the highest impact of CO target metrics. • The inability of Oracle to deliver previous roadmaps makes it difficult to expect them to deliver against the new roadmap on schedule. ***Recommendations:*** • Oracle and CO should create integrated prioritized roadmap to communicate with the CO staff, CO Board of Directors, and other stakeholders how the CO metrics will be achieved. • The process for developing the roadmap(s) should be documented so that it can be evaluated by stakeholders prior to getting deep into the process. Also, all underlying assumptions should be articulated in the process so they can be agreed upon by executive management. • Finalize the near term functional roadmap, including a high-level schedule of required functionality, and prioritized features. Once Oracle agrees to the functionality and timeframe CO should consider memorializing it in a cure letter.
Scope (SCP)	[redacted]		
			Findings: • Cover Oregon has directed Oracle to focus on technical releases that support prioritized

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			functionality: hybrid process first and public website second. • The anticipated Feb releases will have a significant number of fixes and enhancements which will impact the existing workflow for both CSR's and CP/A's. • Each time Oracle misses the target release date or releases with low quality, CO is put in a very difficult position. • It is likely that scope will continue to be trimmed if issues arise with the current plan or if development (Oracle) continues to under deliver. • CO has deferred a piece of the Medicaid interface into the OHA MMIS system until TBD. • Currently, a cross functional view of the Product Development Lifecycle (PDLC) does not exist and there is no single owner for each line of business. ***Risks:*** • Without a tight linkage between development, business, marketing, and communications the current launch strategy with the current scope will be difficult to manage after each release. • The inability of Oracle to deliver defined scope on a strict timeline makes it difficult to believe they will deliver on time in the future. ***Recommendations:*** • CO should ensure that the manual paper application process is fully supported by development prior to any future work being done. MAXIMUS recommends that stability and reliability be considered higher priority over the public portal release. • Given Oracles past performance, it is recommended that significant (30%+) slack be added to each of the release dates. • Smaller, more attainable releases by Oracle may help resolve the missed release/de-scoping cycle that is common. • Define and implement clear project management processes and controls for maintaining the CO WBS, including "rolling wave" elaboration of near-term work. • Continue to integrate the use of the Schedule (and underlying WBS) into the day-to-day management and planning of the project especially for future product releases. This will ensure that these documents are useful and accurate.
Schedule (SCH)	[redacted]	[redacted]	

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			Findings: • The environments have been significantly patched over the month. This should result in more reliable releases from one environment to another. • Oracle's inability to properly estimate the work and delivery will high quality for any release continues to affect the schedule and CO's ability to communicate firm dates to the public. • There continues to be a lack of an integrated project schedule. ***Risks:*** • Without a clear understanding of how Oracle estimates the development work and their schedule, including the activities and tasks specifically assigned to CO, there is a risk that releases will continue to slip. • Without clearly linked schedules between CO and Oracle development and Oracle On Demand services, the project will suffer from confusion and misaligned expectations and deadlines. • With an integrated project schedule that is used to plan and execute work, the project will continue to suffer from unforeseen schedule slippage and delays. ***Recommendations:*** • Given the difficulty in estimating the development with Oracle and delivery Oracle environments, CO should embed sufficient slack in its schedule (on the order of 30+ percent). CO should continue to monitor the IT delivery deviations. These deviations should be reported to CO Executive staff in the weekly or monthly reports by CO CIO. • It is recommended that CO request a detailed report of the differences of the environments from Oracle. If this isn't possible CO should request a technical confirmation (system generated) that the environments are of matched configurations and revisions. • Develop a single, comprehensive, base-lined schedule for all Oracle development, Oracle On Demand Services, Oracle Performance test and CO work, including testing.
Budget (BGT)	***Med***	***Med***	
			Findings: • CO has withheld payment to Oracle OCS since Oct 2013. This amount is now estimated to be well over 20 million dollars. MAXIMUS expects that CO and Oracle will negotiate a reduced payment given the consistently late deliveries, low quality of workmanship by Oracle which has

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			resulted in significant damage to the CO brand. • As of Nov 30th, 2013 CO's spending was over the budgeted amount by ~4%. • Fourth quarter 2013 budget to actuals will be available in next month's report. ***Risks:*** • Payment to Oracle cannot be held up indefinitely. Lack of communication with the vendor on this matter can lead to surprises in the budget. • The lack of fully elaborated, integrated and baselined WBS and schedule raises the risk that the project scope, schedule, and therefore costs are not clearly understood. As a result, the budget is most likely inaccurate. • The addition of unplanned development resources to achieve the outstanding scope will increase costs in the budget in the short term. • The addition of the Deloitte public website to compensate for the lack of delivery by Oracle will increase project IT costs. ***Recommendations***: • It is recommended that CO clearly articulate under which conditions payment will be released. Preferably this would be accomplished via a formal contract amendment or a binding legal document. • Document and implement a budgeting process for CO. This process should include the tracking of assumptions and dependencies. This budget should have significant reserve for unbudgeted items given the organization and the system is new. • Update the budget projections for CO. Ensure the budget projections are aligned with the roadmap items that will be established. • With the addition of Oracle resources to complete the development and testing of the Exchange a budget reevaluation should be conducted to determine the budget impact of this decision.
Funding (FND)	[redacted]	[redacted]	
			Findings: • CO has stated if the individual portal is not functional before the end of open enrollment, they will need to consider alternatives. These alternatives will likely have a significant funding impact. • CO has started to develop analysis of these options, including potential funding opportunities. ***Risks:***

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			• It will take time for money to be released for feature upgrades which will likely need to start in March/April of 2014. • The increased rate of IT spending will most likely reduce spending in some other critical area of the CO operation. ***Recommendations***: • Begin the planning of the on-going funding and alternatives analysis and likely prices. • It is recommended that CO work with CMS to determine if there are other opportunities for IT funding for feature enhancements and system upgrades prior the next open enrollment period.
Board Governance (BG)			
			Findings: • CO has hired Deloitte to conduct a risk analysis with the current system approach vs. other system options. The result of this analysis should be the basis for a "go-forward" plan that should be communicated to a minimum of the Board and CMS. • On January 1, Rocky King announced that he will step down on March 5th. The Board has begun preparing to find a replacement Executive Director. • The CO Board meets on a regular basis and receives updates from the interim Director and his staff on salient business, IT and stakeholder topics. ***Risks:*** • Without a risk analysis for a go-forward plan it will be difficult to communicate to the Board and executive staff the basis for the plan and desired actions to be taken. ***Recommendations***: • It is recommended that the screening panel include representatives from CO including exec and line staff. • CO should finalize the Deloitte SOW to and accelerate the work so that CO has sufficient time to implement the desired recommendation as soon as possible. Acceleration of this work will ensure there is sufficient time to fund, review bids and select new vendors if required.
Inter-Org Coordination			

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(IOC)	[redacted]		
			Findings: • Cover Oregon and OHA are working well together to respond to challenges. • Manual enrollment is the current OHA practice, making it consistent with the process for which relevant OHA staff is already trained and capable of doing. • Cover Oregon and OHA/DHS have been working together reasonable well. As issues arise the business units' work together to find a reasonable solution. ***Risks:*** • Without proper coordination among OHA/DHS and CO policy and business operations it will put CO in a difficult position with respect to planning the completion the MMIS and CO interfaces for automated Medicaid Eligibility and Enrollment. • Without proper coordination among OHA/DHS and CO policy and business operations paper processing of Medicaid and APTC applications have difficulties. ***Recommendations:*** • SLAs between CO and OHA/DHS should be revisited and updated, as appropriate.
Organizational Management (OM)	[redacted]		
			Findings: • The majority of the organization has been fairly stable given the stress the organization is under. • The paper processing is taxing a number of groups in CO and OHA that are being re-deployed to assist in the effort. These groups, given paper processing is not their primary, may lose morale over time. ***Risks:*** • Dependence on key individuals to compensate for lack of system delivery will produce burnout, stress conditions, turnover and/or negative morale. ***Recommendations:*** • CO should set realistic goals with respect to system deliveries and if these goals are not met the dates should be reset to a reasonable manual processing date and goal so that personnel

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			and external stakeholders can adapt. • The rotation of personnel that are being drafted to assist with paper processing may ease the morale issues that may arise because of redeployment.
Human Resources (HR)	***Med***	***Med***	
			Findings: • There continues to be examples of staff and vendors exhibiting signs of stress and burn-out in small pockets. • Extra care should be taken by executive management to monitor for signs of stress and intervene to ensure personnel health and organizational morale during this period. • CO should review consultants/staff to determine effectiveness based on the reasons above. Consultants/staff that are burned out should be reassigned if possible, encouraged to take significant time off and/or replaced. • CO has added some consultants/staff to backup and/or augment staff based on the reasons above. • Releasing a system that has known defects will increase the load on the Customer Service Reps (CSRs). Management should specifically monitor these groups for signs of stress. ***Risks:*** • The dynamic nature and fast organizational growth of CO may create significant staff stress and frustration. Communications, IT, Operations and HR support systems will be taxed. • Staff with gaps in their skill sets can create schedule delays, rework and/or incorrect planning and execution for the organization. • Over worked/stressed employees or contractors will tend to make simple mistakes which can result in rework or issues with clients. • Health of stressed or overworked individuals can result in loss of key individuals on the project. ***Recommendations:*** • HR should conduct spot reviews/interviews and or skip level interviews with personnel to monitor morale and health issues with personnel including contractors. • CO should consider hiring additional technical staff to monitor/augment Oracle staff. The current CO staff are either too sparse or not do not have sufficient skill level to handle the complex development and release environment. • Continue to support team building and informal support structures for staff. • Have an independent review of the IT organization to determine if new roles and personnel are

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			needed based on the change in architecture, and the more complex development and release processes. • Having citizens speak to the CO employees who are being helped by the work being done by the drafted paper processors can have a profound positive effect on morale. CO should consider identifying citizens to come in and talk to the various groups.
Stakeholder Management (SM)	***Med***	[redacted]	
			Findings: • There were no significant releases or production outages of the system for the month. ***Risks:*** • Lack of proactive communication with Exchange stakeholders may limit early participation and/or public confidence. • Establishing and communicating system release dates and not meeting the dates will result in credibility issues with both internal and external stakeholders. • If the Exchange does not manage stakeholder expectations in a consistent manner then CO's management credibility may suffer. ***Recommendations:*** • It is recommended that when release dates are to be provided to key stakeholders that Oracle executive management be present. It is recommended that Oracle executive management present the dates, features, thresholds and capacity information, i.e., number of user that the system is tested to accommodate. • It is recommended that CO resist releasing a system that does not meet the threshold set for defects and/or the capacity. • It is recommended that when Oracle present release dates they believe they can make and CO accepts these dates, that CO should memorialize these dates, features, defect tolerance and capacity in "cure" letters.
Communications (COMM)	[redacted]		
			Findings: • CO is currently operating under increased public scrutiny.

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			• CO has been collecting a number of positive personal stories of applicants, however, these stories are not making it into standard venues • CO has not released any dates to the public which is a reasonable strategy based on Oracle's inability to estimate work and meet system release dates. ***Risks:*** • Making statements to the Board or public based on information from Oracle is problematic given they have not met a single deadline they have set. • If the Exchange does not communicate its functions in a consistent manner then confusion and frustration may result for entities that need to oversee, interface with, purchase or supply services to the Exchange. • If the Exchange does not communicate its functions in a consistent manner then CO's management credibility may suffer. • If the outbound communications team is overloaded in negative press and freedom of information act request then it will be a challenge for them to present the positive messages to the public that the staff are hearing on a day-to-day basis. ***Recommendations:*** • CO should consider having at least one marketing/communications person focus on the people that have been benefitted by receiving insurance for the first time in many years. These personal stories should be inserted in press conference, press releases, legislative hearings, board meetings, etc. • It is recommended that the internal marketing function of CO work with the IT, SME's and executive management to identify areas where specialized outbound high level communications need to take place. • It is recommended that the Marketing organization establish consistent messaging for the organization that reflects Oracles inability to deliver a stable system, on time and with the appropriate features.
Project Management (PM)	[redacted]		
			Findings: • The term "blocker" has changed from the original Oct release and is now causing confusion in the public forum. The term was originally used to identify bugs or issues that resulted in testers not being able to complete a workflow. Since then the term has be used to represent critical issues for

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			a specific release. This is being propagated to the press and causing confusion in the public forums. • Development and release processes continue to be opaque. *These processes are considered core to the project success.* The release management process seems to be highly manual, this, in conjunction the lack of branching capability for Web Center and Siebel, makes this process challenging at best. This is situation is clearly aggregated by the turnover in the release manager position. • Schedule slippage and low release quality will most likely continue until Oracle deploys a deeply experienced, engineering manager to create and monitor all of the development, release and performance processes. • CO and Oracle are focused on completing the back office component of the system to wring out as much efficiency as possible to maximize the manual operations. MAXIMUS sees this as a prudent course of action given the issues above. • Without sufficient slack in the schedule (based on past variance) the plan for the future features is optimistic. ***Risks:*** • Changing terminology can cause confusion and unnecessary embarrassment as status is being reported out to stakeholders. • An undocumented development and release process makes it challenging to analyze the processes for efficiency, quality and reliability. • Once OCS delivers the public portal Oracle executive management and other significant Oracle staff will refocus their attention to other customers. This may leave CO with the inability to deliver products because the development and release management process is undocumented. ***Recommendations:*** • It is recommended that discipline be instilled on the categorization of bugs and system issues so that the communication of progress is more coherent. CO should utilize the original definition of the term "blocker ". • CO should consider having OMCS and consultants shadow OCS and document the release management process. • CO should consider formally requesting from Oracle the development and release process from the Oracle engineering manager. • It is recommended that CO have Oracle document their parallel software development and release process to ensure it is aligned with an operational environment. This is important as the organization transitions from a pure development environment to an operational environment.

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			• It is recommended that CO have Oracle define the delivery schedule for the remaining environments and memorialize the schedule using a "cure" letter. • It is recommended that Oracle document and submit to CO how they intend to improve the quality of their code. CO should request a formal code review by Oracle QA.
Contract Management (CM)	[redacted]		
			Findings: • Oracle's performance is clearly lacking. Their inability to adhere to industry standards and professional software and project management tenants warrants further review. • Cover Oregon has retained independent, outside counsel. • MAXIMUS understands that payment to Oracle is being withheld and legal is being consulted on how to best manage the lack of performance by Oracle. • Oracle's ability to perform is an issue on the project. ***Risks:*** • In general, agreements that allow contractor's to bill for hours worked, instead of fixed priced payments for satisfactory completion of specific deliverables, leave the onus on CO to verify that the hours were worked and sufficient value was created by the contractors, according to their individual agreements. It may also be difficult to prove or justify the commensurate expenditures. • Without a clear tie between contractor work and the project WBS or schedule, effective management of contractor effort and billings will be difficult. ***Recommendations***: • CO should consider the use of "cure" letters and/or a renegotiation of the contract to better enforce the Oracle requests stated above and a higher level of quality and adherence to schedule. • Conduct an independent assessment of all contractor activities and proposed deliverables. Identify opportunities to convert contractor payment method to state approval of specific contractor fixed-priced deliverables. Renegotiate agreements, as appropriate. • Define specific roles and responsibilities for contractors. Clearly assign work, as defined in the WBS and schedule, to specific contractor staff. Use this information to update the CO staffing plan, as appropriate.

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			• Clearly tie contractor work to the project WBS or schedule. Track progress (% complete) accordingly. • CO Management should clearly get formal assertion from Oracle in the form of a "cure" letter or contract amendment for specific releases dates, functionality and quality moving forward.
Product Content (PC)	[redacted]	[redacted]	
			Findings: • CO and MAXIMUS have requested, since Oct 2013, the Web Center code from Oracle. Oracle has continued to ignore this request. • CO has commissioned Deloitte to review the security components of the system (per SOW), however, Deloitte are expected to do a full system review, but their SOW does not reflect this work. ***Risks:*** • If CO does not receive the Web Center code from Oracle it will send a clear message that Oracle can ignore CO requests, it will also leave CO in a position of not knowing how bad the code is and it will not be able to plan properly. ***Recommendations:*** • CO should consider sending a "cure" letter to receive the Web Center code from Oracle. • A complete and accurate record of all iteration use case work packages and Oracle functional and technical design documents and Corporation testing documents should be organized and kept as a complete package in the Dropbox. Understanding the amount of customization of the current implementation will be critical for CO as future needs are established. This information should be requested from Oracle and independently verified. • The Deloitte SOW should be updated such that it represents all of their expected work and deliverables.
Testing (TST)	[redacted]	[redacted]	
			Findings: • A formal testing process, including UAT for releases, is lacking. • The Oracle "A" team has presented it's "tuning" report which seems to indicate that 5k+ simultaneous users can be accommodated on the system. To further increase this number the

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			Oracle "A" team have specific hardware recommendations that will be implemented post individual public portal release. This work is not considered aligned to the performance SOW. • Oracle will have a significant number of fixes in the Feb 2014 release. • Oracle SIT testers do not have a full grasp of the desired functionality of the system; therefor their testing quality is insufficient. ***Risks:*** • A large number of fixes implemented in the system during the enrollment period my result in unscheduled system downtime and/or outages due to bugs found in production. • Lack of continued reporting from the Oracle "A" team and the performance test team on their progress makes it impossible to determine their progress. ***Recommendations***: • Implement a formal testing process, including structured UAT for all releases. • Significant testing should be conducted prior to releasing a large code release into production. In addition, CO should request a report of the pre-prod and prod configurations to ensure they are equal in configuration, patches and revisions. • It is imperative if the development schedule slips, time allocated to testing is not shortened given the system is in production and at a crucial point in the enrollment period. • CO should consider having the Oracle "A" team report out in the daily tech synch meetings. • CO should ensure that the Oracle performance test team is executing according to the SOW that is currently in force. • Ensure that the code delivered from development has been properly documented and that release notes are delivered with each release as it is delivered to the testing teams.

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SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	The risk of the project remains high. Despite the IT issues, Cover Oregon has been successfully processing applications and enrolling consumers through a hybrid process while moving toward the release of online individual end-to-end functionality.
Business Mission and Goals	Cover Oregon has continued to focus on enrolling individual consumers using its hybrid process (paper or PDF application, processed using the system logic. This continues while full functionality through the electronic system is finalized and tested.
Roadmap	Cover Oregon is identifying what features will be built or improved in 2014, given the budget, time and capacity of the organization. The organization has continued to focus on ensuring that consumers are able to get eligibility determinations and enroll in coverage in a timely manner. Development and testing of core functionality for individual consumers continued during the month, for an Agent/Community Partner launch in February.
Scope	At Cover Oregon's direction, in December Oracle began prioritizing technical releases that support hybrid processing, system stability and the eligibility and enrollment process for Customer Service, Agents, and Community Partners. This continued in January. February releases improve workflow for internal staff and external partners. Cover Oregon is limiting scope for future releases based on what can be accomplished given time, staff and funding constraints, as well as an assessment of manual options. Functionality is being prioritized and will be rolled out as the system is stabilized and core functionality is complete.
Schedule	The UDev and FTS environments were patched and aligned with other environments by the end of January. Cover Oregon executive has continued to work with the most senior Oracle leadership to get agreement on deadlines and functionality releases.
Budget	Cover Oregon has retained outside counsel and is discussing Oracle delivery and payment issues.

	In January Cover Oregon focused on existing revenue sources, expected costs and potential cuts planned or proposed.
Funding	Cover Oregon has begun to develop an options analysis and is investigating opportunities for additional funding with CMS. Analysis is under way to identify ways to impact the IT spending rate without adversely impacting other parts of the organization.
Board Governance	Deloitte is drafting an options analysis regarding future IT strategy. The evaluation and recommendations will inform Cover Oregon's decisions about technology next steps. The Board hired an executive search firm to coordinate the Executive Director search. The contract indicates that staff must be included in the process.
Inter-Org Coordination	Cover Oregon concurs with the findings related to Cover Oregon and OHA's efforts to work well together and the joint hybrid eligibility determination and enrollment processing.
Organizational Management	Staff have been deployed to that the hybrid process is used to ensure applicants get eligibility determinations and enrollments are processed.
Human Resources	Cover Oregon agrees that staff is still under stress. The executive team is aware of the issue and working to support employee and consultant health and morale.
Stakeholder Management	Cover Oregon provides updates to the Board, partners, the Legislature, state agency partners and the news media as things evolve. Oregon leadership continued to engage top Oracle executives during the weeks prior to releasing the portal to agents and community partners in February.
Communication	Cover Oregon has been open about its system challenges and has been communicating about both the hybrid processing of applications and the effort to get the remaining technology ready for full release. Agents and community partners have started to use the portal again since it was opened to them with full functionality in February. Cover Oregon is relying on agents' and community partners' good experience with the improved site to impact the organizations' relationship with these partners
Project Management	Through the end of this development phase, "Blockers" are identified issues that must be resolved for a successful launch (both bugs and unfinished functionality). This definition will be in use until Cover Oregon is in post-production. Oracle worked on a more automated process in January. Cover Oregon hired a staff person to evaluate and document the release process for future transition to Cover Oregon. Cover Oregon agrees that additional improvements are need in the release process. Cover Oregon engaged third party support in reviewing Oracle code. Cover Oregon has retained outside counsel and will be balancing findings of independent review with MAXIMUS recommendations.

Contract Management	Cover Oregon has retained external counsel, which is advising Cover Oregon on Oracle contracting and performance.
Product Content	Cover Oregon has retained external counsel, which is advising Cover Oregon on Oracle contracting and performance. The Deloitte scope of work was amended to reflect its full scope of work. This process began in January.
Testing	In late January, Cover Oregon, Oracle and IV&V testing teams were combined under a single testing process for all releases. All fixes receive a "positive test" in each environment prior to code promotion. A Cover Oregon BA ensures the test is effective and comprehensive. Releases go through regression testing in the Pre-production environment. Cover Oregon and the carriers developed 49 test scenarios that test critical system functionality. Regression testing runs each scenario using two user personas (e.g., Agent and CSR) to ensure greater breadth of coverage. At the request of Cover Oregon business experts, new scenarios are added to this list. The testing team has developed specific guidelines that indicate how long it will take to fully test a new release, including regression testing. This timeline is not compromised by a slippage in development timing.

SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

	Probable/eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
	Possible/unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT		
	Low	Med	High
High	MED		
Med		MED	
Low			MED

From:	BENTLEY Phil [redacted]
Sent:	3/3/2014 1:36:23 AM +0000
To:	PALMATEER Dmitri * GOV [redacted]
Subject:	FW: Cover Oregon Reports
Attachments:	1 OR CO Monthly Quality Status Report Jan 2013 FINAL.pdf; 2 OR CO Monthly Quality Status Report Feb 2013 FINAL (3).pdf; 3 OR CO Monthly Quality Status Report Mar 2013 FINAL (2).pdf; 4 OR CO Monthly Quality Status Report Apr 2013 FINAL.pdf; 5 OR CO Monthly Quality Status Report May 2013 FINAL.pdf; 6 OR CO Monthly Quality Status Report June 2013 FINAL.pdf; 7 OR CO Monthly Quality Status Report Jul 2013 FINAL.pdf; 8 OR CO Monthly Quality Status Report Aug 2013 FINAL.pdf; 9 OR CO Monthly Quality Status Report Sept 2013 FINAL.pdf; 10 OR CO Monthly Quality Status Report Oct 2013 FINAL.pdf; 11 OR CO Monthly Quality Status Report Nov 2013 FINAL.pdf

Senator Boquist has raised concerns about the lack of information provided by the Executive Branch to the Cover Oregon oversight committee. See below

From: Sen Boquist
Sent: Saturday, March 01, 2014 10:14 AM
To: Sen Courtney
Cc: Bentley Phil; Rep Thompson
Subject: FW: Cover Oregon Reports

President Courtney:

To show how disjointed the Legislature's response is to Cover Oregon, the attached reports Senator Monnes Anderson and I got Wednesday, just came to light last night to Representative Thompson & Greenlick. That the advisory or oversight committee was misled is a severe understatement. I got an ear full last night in regard to the opinions of the House members from the oversight committee that has been misled by the Executive Branch.

At this point, the President & Speaker need to make a decision on the way forward. Either the Legislature accepts blame allowing the Governor to claim ignorance etc etc as the whole system fails, or empower the advisory & oversight committee as an interim joint committee, or dissolve it. LC and LFO are correct in saying the four members are powerless as a body or committee as the only requests of support can come from individual members. It is my opinion, if the President & Speaker do not act, now that is clear we were misled, the Executive Branch will lay the blame on the Legislature. Without swift action, including a probable special session, the entire health care system may collapse.

While I am willing to continue to serve in the capacity you appointed to me as Senator Morse's replacement, in spite of the intense criticism to come, I am not willing to do so without the powers of a committee vice chair under Senate, House, and Joint authorities. Therefore my recommendation is the President & Speaker appoint the four members respectively, as a formal interim joint committee, to report back to the President & Speaker on a monthly basis as envisioned under SB 99. This would mean Sen Monnes Anderson & Rep Greenlick would serve as Co-chairs while Rep Thomson & Sen Boquist as Vice Chairs. Again, in my opinion the failure of Cover Oregon will result in the failure of the entire State's health care system. If you do not see the connections then I would be happy to explain the simple yet complex issue.

Respectfully requested,

Brian J. Boquist

State Senator

From: Rocco Ken G
Sent: Wednesday, February 26, 2014 7:26 PM
To: Sen Boquist
Cc: Bentley Phil; Sen MonnesAnderson; Friesen Matt; Cummings Bob
Subject: RE: Cover Oregon Reports

Sen. Boquist: Attached are 11 monthly QA reports to Cover Oregon from 2013. There are also three additional reports that went to Cover Oregon and OHA early in 2013 that are not included, but that are available if you want them.

Let us know if you have any questions.

Thanks.

From: Sen Boquist
Sent: Friday, February 21, 2014 12:20 PM
To: Rocco Ken G; Cummings Bob
Cc: Bentley Phil; Sen MonnesAnderson; Friesen Matt
Subject: Cover Oregon Reports

Gentlemen:

Understand LFO may be in possession of some "maximus" reports for Cover Oregon during the time of Jan to Dec 2013?

I became aware of these "maximus" reports for the investigators this week. I was interviewed as a member of the oversight committee.

The oversight committee received monthly updates generally on the first Tuesday of each month. We were emailed reports followed by a telephone conference call if not an actual face to face meeting in the building. The most important report from Cover Oregon was September 13, 2013 when everything was on track for launch. Based on data from the investigators, the internal "maximus" report was in short saying we were not going to make the launch date. Not a little time or error but by months.

If LFO has copies the "maximus" report for August 2013 we'd like a copy very quickly.

Then if LFO has copies for January to December 2013 those would be helpful when available.

Lastly, we are receiving monthly if not more frequent status reports from the new management now.

Is there someone in LFO that can review these reports for accuracy for the Senate member of the oversight committee?

Regardless of whom voted for this thing in the beginning the future of Oregon's overall health care system is now at stake if Cover Oregon does not get fixed in some manner.

As to the powers of our committee, I've no real idea at this point but expect a brief from LC shortly.

Please let me know.

Brian J. Boquist

State Senator

Cover Oregon Oversight & Advisory Committee

Oregon Health Insurance Exchange Corporation (ORHIX) / Cover Oregon (CO) Monthly Quality Status Report

January 2013

Deliverable #2.3.e

Draft

Dated: Feburary 15th, 2013

TABLE OF CONTENTS

SECTION 1: Introduction

The Oregon Health Insurance Exchange Corporation (ORHIX), now known as Cover Oregon (CO), recognizes the value of an independent, third-party to provide formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

- **Initial Risk Assessment** - identification of initial risks facing CO
- **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
- **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of January, 2013. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.

Since July 2011, the Oregon Health Authority (OHA) has led the design and implementation of the Health Insurance Exchange – Information Technology (HIX-IT) solution, building upon the Oracle products and Enterprise architecture envisioned by the State of Oregon.

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SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. In other words, progress in some areas since last month is offset by the fact that there is one less month until the federally mandated deadlines. Additionally, categories carry different relative weight when assessing the overall risk level of the effort. For example, while 12 out of 16 Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule", and "Inter-Org Coordination" remain high (red), which drives the overall HIGH (red) risk assessment.

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally. For example, in order to meet the federal requirement that the Exchange be up and running by January 1, 2014, the system must be completed and ready to accept enrollments by October 2013. This is clearly a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is fully dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of January, including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO continues to make positive and significant progress towards the launch of the Oregon Health Insurance Exchange. The organization has and continues to demonstrate flexibility and creativity in dealing with this complex and evolving landscape.
- CO has secured 226 million dollars in Level 2 funding for the project. Approximately 90 million of this amount is dedicated for the IT portion of the product.
- CO and OHA have decided to not merge and re-baseline the Seibel component of the ORACLE product suite. Additionally, they have decided other components of the ORACLE product suite should also be multi-instance allowing more flexibility and reducing risk for CO.

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- As a result of the multi-instance ORACLE approach is was deemed best to have the CO ORACLE products reside on non-EXA or standard commercial platforms within in the ORACLE On Demand environment.

The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

Table 1: Summary Quality Standards Scorecard

Quality Rating Category	*QA Risk Level*	*Priority QA Recommendations*	*CO Risk Level*	*CO Response*
OVERALL HEALTH		• See below for specific priority recommendations. • Continue to review, update, and track all outstanding quality risks and recommendations.		• CO agrees with this risk assessment based on the statement that the endeavor itself is high risk. Much progress is being made and CO expects that to continue.
Business Mission and Goals	***Med***	• CO is creating a Business Operations Plan as a supplement to the Business Plan. This is expected to be completed by early 2013. • CO is updating the Medicaid enrollee modeling. This analysis should be shared with CMS and other States. • MAXIMUS recommends that CO formally (in a letter) articulate the dates with OHA and DHS business units as to when the window for automation and operational changes will be closed for this release with respect to Medicaid.		• CO does not disagree with the findings, but believes they belong in other areas. None of the findings, risks or recommendations relate to "Business Mission and Goals" • CO agrees that updated modeling should be shared widely. • CO agrees that deadlines should be shared with OHA and DHS in a formal written document.
Roadmap	***Med***	• A general road map has been defined that goes until 2016. • The roadmap for the first release will be in flux until scope sizing is completed. Scope sizing is expected to be		• 2013 scope lockdown will define the Version 1 elements of the road map. Additionally, staff is compiling and prioritizing products and services for Version 2 and beyond.

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Quality Rating Category	*QA Risk Level*	*Priority QA Recommendations*	*CO Risk Level*	*CO Response*
		completed for the Oct 2013 release no later than March 1st 2013.		
Scope		• Develop clear milestones, tasks and checkpoints for the Scope lockdown and sizing for the month of February. This schedule should provide CO an indication of how much scope (if any) needs to be deferred as soon as possible (preferable by mid-February). • CO and OHA should resist prolonging the requirements window any further then March 1st as it will affect the organization and schedules of the testing, training, and operational execution of the project. • CO should establish formal trigger points for OHA Medicaid system development and business units and these trigger points should be communicated to the OHA staff and Director to ensure the appropriate focus applied to meet the deadlines for the project. See att C.		• CO agrees that deadlines should be formally defined. In February CO established a deadline for MMIS inclusion. CO executive director sent a letter to OHA director informing him and organization of April 1 deadline, required deliverables, and CO mitigation strategies if deadline was not met. • Use case packets, which include the final requirements for the V1 build, will be delivered by March 1st. Agreed upon scope will be identified on March 1st.
Schedule		• Continue working towards a comprehensive integrated schedule for HIX-IT and OIS Shared Services. • Continue to identify project dependencies and critical paths. • Begin to Baseline pieces of the schedule and track for variance. Produce a variance report of the schedule.		• CO agrees with this finding. • Cover Oregon continues to work closely with OHA to mitigate staffing shortages. We currently feel comfortable with the linkage via milestones in our schedules.

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Quality Rating Category	*QA Risk Level*	*Priority QA Recommendations*	*CO Risk Level*	*CO Response*
Budget	***Med***	• Update the budget to reflect the new multi-instance architecture and organizational costs for CO.		• CO agrees with the recommendation. • This area is low risk.
Funding		• CO has secured 226 million dollars in Level 2 funding for the Exchange.		• CO agrees with the finding. • This area is low risk.
Board Governance		• Continue to work with the Board to maintain the Board Policy Manual, including adequate processes and controls related to potential conflicts of interest.		• CO agrees with the recommendation and assessment that this is a low risk area.
Inter-Org Coordination		• Formally (in writing) provide clear dates to OHA business and OIS for the near term expectations for Medicaid requirements, and MMIS system interface architecture approach and delivery. • See Attachment D, "No Wrong Door" Cooperation. Work is progressing with the OHA business group with respect to "No Wrong Door". This work may need to mature and span over multiple system releases.	***Med***	• CO agrees that a formal written deadlines document is needed. In February, CO sent such a letter regarding MMIS inclusion in the build to OHA.
Org Management		• The organization is growing at a very quick pace. CO is adapting and managing		• CO agrees.
Human Resources	***Med***	• With the advent of the multi-instance architecture approach being taken, CO may need to re-evaluate their IT organization personnel and skill sets. • CO should consider		• CO agrees and is re-evaluating personnel needs by working with OHA to determine ongoing maintenance and operations needs.

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Quality Rating Category	*QA Risk Level*	*Priority QA Recommendations*	*CO Risk Level*	*CO Response*
		adding an experienced Product Portfolio person. This skill set would be instrumental in defining the detailed features and functions of the product and creating and managing a detailed product roadmap for the various lines of business.		
Stakeholder Management		• No findings		•
Commun-icat ion		• As the final scope is defined the initial launch expectations may need to be reestablished with the various stakeholders. • MAXIMUS expects that additional changes may occur as final development and testing is accomplished. The communication of these changes will need to be managed with the stakeholders and public.		• CO concurs with need to clarify effort and re-establish expectations, and that as changes are made the communications team will need to manage the communication of any changes. • Not noted by QA, but the following occurred in January 2013: CO had a communications RFP on the street, collected responses, a team scored responses and finalists were invited to give presentations.
Project Management	***Med***	• See attachment B Detailed reporting and tracking. • The Project Management foundational documents are awaiting a formal QC review. • See attachment F Risk Analysis for Security Approach.	***Med***	• CO agrees with this finding. • Cover Oregon has made significant progress in it's coordination with HIX-IT project planning documentation. • In addition, we are contracting for an independent security audit to validate the security models and controls in the system.
Contract Management	***Med***	• Clearly tie contractor work to the project WBS and schedule. Track progress (% complete) accordingly.	***Med***	• CO agrees • Contract work is tracked within the CO schedule along with other tasks in the effort.

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Quality Rating Category	*QA Risk Level*	*Priority QA Recommendations*	*CO Risk Level*	*CO Response*
Product Content	[redacted]	• User Interface work by Deloitte is scheduled to be completed in by March 1st. This timeline is problematic. • See Attachment A, C, and D.	[redacted]	• CO agrees • Deloitte is delivering the highest priority UI documentation by March 1st with the remainder on March 8th. • CO is pursuing an independent security audit to address potential security concerns. • CO is working closely with OHA and DHS to determine an appropriate strategy for delivering Medicaid integration on October 1st. Medicaid integration is of high importance.
Testing	***Med***	• Create a comprehensive Test Plan that outlines the strategy for iteration and UAT & IV&V testing to be conducted by CO • The first draft of the CO test plan is due out mid-February. • Moving the CO off the Exa environment may result in a new environment for the test work. • OHA System Integration Testing is scheduled to significantly overlap CO User Acceptance Testing due to the tight schedule. This is not an idea situation and can cause coordination issues among the groups. Care should be taken not to impinge or reduce the testing window any further.	***Med***	• CO agrees • CO is working closely with OHA to build a comprehensive test plan. The CO UAT test plan was created to dovetail into the larger OHA strategy. • CO is working with OHA to ensure the priority testing areas receive the originally full planned duration.

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Table 2: QA Risk Level Tracking

Quality Rating Category	*June '12*	*July '12*	*Aug '12*	*Sept '12*	*Oct '12*	*Nov '12*	*Dec '12*	*Jan '13*	*Feb '13*
OVERALL HEALTH									
Business Mission and Goals				*M*	*M*	*M*	*M*	*M*	
Roadmap			*M*	*M*	*M*	*M*	*M*	*M*	
Scope									
Schedule									
Budget	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	
Funding	*M*	*M*	*M*	*M*	*M*	*M*	*M*		
Board Governance	*M*	*M*	*M*	*M*					
Inter-Org Coordination									
Organizational Management	*M*	*M*	*M*	*M*	*M*				
Human Resources	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	
Stakeholder Management	*M*	*M*							
Communication	*M*	*M*	*M*	*M*	*M*				
Project Management				*M*	*M*	*M*	*M*	*M*	
Contract Management	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	
Product Content	*M*								
Testing				*M*	*M*	*M*	*M*	*M*	

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SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of January, 2013.

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Section 4: Updated Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. At the client's request, unique numbering has been introduced for both risks and recommendations, to assist in tracking. For example, risks in the Business Mission and Goals section of the report can be identified as Risk-BMG-1, Risk-BMG-2, etc. Recommendations can be similarly, uniquely identified. The integrity of the numbering will be preserved during future reports.

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Quality Rating Category	Dec 2012	Jan 2013	Risk Assessment Finding, Risks, and Recommendations
Business Mission and Goals (BMG)	***Med***	***Med***	

Findings During Period:

- QA understands that CO is creating a Business Operations Plan as a supplement to the Business Plan. This document is expected to further detail the various exchange functions and plans for the first release of the exchange. A draft of this document is expected to be completed in Feb 2013.
- The Business Plan is also expected to be updated with updated enrollee projections by the end of March.
- CO is updating the Medicaid enrollee modeling by reaching out to other states that have online experience with Medicaid populations. This information will be utilized to create a model with a broader set of source material. This material is expected to add to the enrollment strategy and approach. This analysis will be a valuable piece of work that should be shared with the Feds and other States.
- The business missions and goals between OHA OIS and CO are not fully aligned with respect to Medicaid. Work is being done in this area, however, the cultures and timelines are different. March 1, 2013 will be the last date for requirements for the Oct 2013 IT release. After March 1st the work/decisions/agreements between OHA and CO for system automation of Medicaid will have to be pushed into the release due out after Oct 2013.

Risks:

1. Without a sufficiently detailed enrollment modeling and financial information in Business Plan CO may set the wrong expectations with the Board and various stakeholders.
2. Without clear understanding, communication and alignment of the deadlines and priorities for the Oct 2013 release between the business units (CO, OHA) may result in delayed launch for Medicaid.

Recommendations:

1. Complete
2. Complete
3. (In process) Utilize updated business market data, potentially from Wakely Group and other states for Medicaid enrollee projections. Use this to enhance the Business Plan document with more detailed analysis.
4. (In process) Update the detailed business model for the Exchange. Document in detail all relevant assumptions, risks, constraints and contingency plans. Update in detail, all revenue projections with justification of why they are valid. Update, in detail all costs with justification of their validity. This information should be used to model and determine long-term sustainability in a variety of circumstances. This information should be appended to the updated Business Plan. This plan should include Medicaid "take rates" for the electronic exchange, as well as references to source materials.
5. Clearly identify the business roadmap and ensure that it is connected with the business modeling and Business Plan.

SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	Cover Oregon agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue.
Business Mission and Goals	Cover Oregon agrees that as modeling is updated, the results should be shared with our state and federal partners. Deadlines should be shared with OHA and DHS in a formal written document. Cover Oregon notes that while the corporation does not disagree with the findings, they belong in other areas. None of the findings, risks or recommendations relate to "Business Mission and Goals"
Roadmap	The 2013 scope lockdown will define the Version 1 elements of the road map. Additionally, staff is compiling and prioritizing products and services for Version 2 and beyond.
Scope	AARON Finalizing scope for this project is occurring in line with the overall project's iterative structure through the weekly scope checkpoint process. Changes are continuing to be made to the requirements needed for base lining and finalization of scope. Agreed upon scope will be identified on March 1st. In February CO established a deadline for MMIS inclusion. CO executive director sent a letter to OHA director informing him and organization of April 1 deadline, required deliverables, and CO mitigation strategies if deadline was not met.
Schedule	Cover Oregon continues to work closely with OIIA to mitigate staffing shortages. We currently feel comfortable with the linkage via milestones in our schedules. There are concerns with how each scheduler is utilizing their schedule; CO would like the schedules to be used to drive decisions on scope and resource requirements. Cover Oregon will establish a weekly scheduling meeting to address this concern.
Budget	This area is low risk as we have the CCIO grant dollars. We in the L2 grant ask based our ask on what we would live with from a budgetary perspective. So a better portion of this work is done, but is in the process of finalizing as contract are put in place and enrollment number projections are finalized with the board.
Funding	This area is low risk, particularly in light of the CCIIO grant approval.
Board Governance	This area is low risk. Cover Oregon agrees that ongoing discussions with and provision of information to the Board is essential for the Board's active participation in the project.
Inter-Org Coordination	Formal written deadlines and operational agreements are required between Cover Oregon and its state partners.

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Organizational Management	Cover Oregon agrees that the organization is growing quickly. The corporation is taking steps to manage the growth and help staff adapt to change.
Human Resources	We are waiting for the board to "approve" final policies and an employment handbook and will have finalized 3/2013. We also have hired a recruiter and another generalist to round out the team to meet the HR demands of the organization. We also have put a formal onboarding process in place to get new staff acclimated as quickly as possible.
Stakeholder Management	Cover Oregon continues to actively engage stakeholders.
Commun-ications	Cover Oregon agrees that good communications will be needed to inform and educate stakeholder, consumers and others when offerings change from the initial plan, as well as over time.
Project Management	Cover Oregon has made significant progress in its coordination with HIX-IT project planning documentation. Cover Oregon has also begun the Quality Control process on its project level documentation. CO will be implementing a contract with an independent vendor for a security implementation assessment.
Contract Management	An administrative resource has been put in place to support the work of the contracts team to create a more robust process. Cover Oregon continues to closely monitor contract performance and budget.
Product Content	The scope checkpoint process in now in progress. Cover Oregon has created a comprehensive change control process, which is going through Maximus's Quality Control process. Cover Oregon, Deloitte, HIX-IT and Oracle have aligned the UI schedule to the build plan. A full lock down of the scope is planned to be complete by 3/1/13
Testing	The testing environment has not been timely or fully adequate for all CO testing needs. CO is in the process of evaluating a companion testing system to ensure we can fully execute our testing strategy. CO will continue to evaluate test schedule as we manage scope and progress

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SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

	Probable/eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
	Possible/unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT		
	Low	Med	High
High	MED		
Med		MED	
Low			MED

Attachment A: Detailed Security Concerns (July Findings)

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Findings:

- The current Identity and Access Management (IAM aka. IDM), Single Sign On (SSO), External Self-Administered Role and Role Based Access (RBAC) strategy is not well defined and can be characterized as follows (Note: this information was identified in the recent HIX-IT Logical Structure of Account 4 Whitepaper):
  - Every user in the system will have single sign-on capability in the system. This means that individual and business functions are comingled in accounts.
  - Identify proofing approach is currently unclear. Identity proofing is required to provide assurance of non-repudiation. Identity proofing of some form will be required by the Exchange due to the nature of the environment.
  - Identity proofing is currently at the individual level only. It is unclear how an employer, broker, employee, etc., will be proofed in the system for their specialized role.
  - Internal staff roles in the system are not defined.
  - External roles are intended to be self-administered, i.e., a user can join or revoke other users into and out of their accounts.

Risks:

1. Comingling of individual and business accounts is highly unusual especially in the health insurance field. While it seems like a convenience, it may not be desirable from a user, technical, or security perspective. For example, an individual user may also be a Broker. This person may log into their account at home on their personal computer. If this computer is infected with key logger, user account login information could be compromised. A malicious user would then have access to the Brokers personal account and also their Broker account which potentially compromises other employer accounts the Broker may be attached.
2. Identity proofing can be costly and can have a customer usability impact. If the ID proofing is considered to be too cumbersome by the public it can affect the use of the Exchange by the general public.
3. Additional levels of verification may need to be exercised for different roles in the system, For example, how will a Broker prove they are a legitimate Broker in the system? Not clearly planning, defining and detailing the strategy up front can result in significant delay or work stoppage in the project due to security, usability or technical issues that will continue to pop up in the project without a proper strategy and planning effort.
4. Internal system role definition may alter the expected business workflow of Cover Oregon. Doing this work later in the development or after the system is developed can cause rework and or surprises in staff workflow.
5. External self-administered roles currently known in the industry as Enterprise Dynamic Access Control (EDAC) create additional complexity of the public user experience. These types of architectures are relatively new for public use environments and if deemed too complex and not intuitive for average users, it can result in nonuse of the Exchange by the public.
6. Exchange liability for fraudulent activity due to ineffective identity management and self-administered roles is not fully evaluated. For example, Cover Oregon may be held liable or publicly embarrassed if a person fraudulently became a broker in the system and was found to be attached to a number of large Employer accounts. These types of externally, self-administered implementations are relatively new and fraught with risk for a known marketplace, let alone a marketplace in its infancy.

Recommendations:

- Account comingling: Cover Oregon should find an existence proof of individual and business comingling approach in the health care field prior to implementing this strategy. If precedence is found in the market, Cover Oregon should seek out the entity and be thoroughly briefed by the entity prior to making this decision.

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- Identity proofing: Cover Oregon should understand the requirements from CMS, IRS, etc with regards to what level of ID proofing is required prior to developing the IDM strategy. For more on Federal ID proofing levels please refer to NIST 800-63.
- Identity proofing: Identity proofing techniques are both a Business and a IT decision. Cover Oregon will ultimately need to bear the risk that the selected approach poses (legal and user acceptance). Cover Oregon should take an active role in deciding and vetting the approach with the IRS, State DOJ and potential customers of the Exchange. Again, this is the front door to the Exchange access as should be a balance between business efficiency (customer acceptance) and security.
- Identity Proofing/verification: There may be multiple layers of Identity proofing/verification required. Some users may need to provide proof as an individual only, Broker, and / or employer/employee. Cover Oregon should clearly define the requirements to HIX-IT and expect HIX-IT to create a detailed design document for ID and account management that is vetted with Cover Oregon.
- Internal role definition: Cover Oregon should overlay role requirements on their internal workflow diagrams to ensure these are identified early in the development process. There are a number of engineering articles on methods for diagramming these requirements.
- External Self-Administered Roles: Research should be conducted by Cover Oregon to fully understand what the failure rates of these types of implementations from a usability perspective. An expert should be consulted to guide Cover Oregon of necessary.
- Much greater emphasis should be placed on defining the IDM strategy for Cover Oregon.
- Reviewing analogous IDM and External Enterprise Dynamic Access Control implementations in the market place should be conducted by Cover Oregon. A comprehensive, detailed strategy should be developed and vetted by Cover Oregon and potentially an independent expert in this field.
- (Closed) .
- Where possible, full mock-ups or prototyping of the Identity proofing and external self-administered roles should be made available to the business to determine the usability impact to the customer experience prior to implementation. This determination should use market research and data to fully justify the decisions made.

Attachment B: Detailed Tracking and Reporting (August Finding)

Finding:

- The full scope of the HIX-IT development work is not fully articulated to management at Cover Oregon in a comprehensive manner. The issues are as follows:
  - There are a number of areas that need developed, including:
    - Use cases (general configuration of HIX-IT Components)
    - Interfaces to external IT Systems (approximately 60)
    - User Interface
    - Oracle Policy Automation rule development
    - Security
    - Content Management
    - Data classification and segmentation
    - Rework and refinement
  - Currently the CO Project Management is reporting the state of the 200+ use case work packages as a method of tracking project progress to Cover Oregon Management. While this is important, it only represents a portion of the overall IT development work. For example, current use case iterations being reported on may only comprise 45% of the overall IT work.
  - The current use cases that have been developed in iterations 9 through 12 are reported as "completed". According to the HIX-IT Product Planning document they are still rated as "blue" or incomplete due to the additional items identified above.

Risks:

1. Measuring Exchange Development progress via the number of use cases only will cause incorrect expectation setting and confusion on the part of Cover Oregon over the coming months.
2. Calling use cases "complete" is problematic and may cause incorrect expectation setting and confusion on the part of Cover Oregon.

Recommendations:

- Cover Oregon should work with HIX-IT Program Management to establish a more comprehensive methodology for estimating the level of effort required for the major components of the project.
- The estimating methodology established above should be closely monitored by Cover Oregon to determine its accuracy over the next few months.
- Cover Oregon PM should clearly articulate, via significant development areas and metrics, the IT development work in a manner that clearly represents a more comprehensive view of the project and progress.
- The development areas and metrics identified above should be reported to Cover Oregon's management monthly basis at a minimum.

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Attachment C: Contingency Planning (September Finding)

Findings:

OHA OIS has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA has made and/or is currently making include:

- Assuming the role of prime contractor for the overall state development effort.
- Deploying technology that is largely new to OHA.
- Deploying an integrated enterprise architectural vision that is largely new to OHA.
- Deploying a new software development lifecycle (iterative) that is new to OHA.
- Re-organizing the delivery model (centralized model) for IT projects within OHA.
- Standing up new processes to support this new delivery model.
- Merging the technology and business operations of three organizations (OHA, DHS and CO) and attempting to develop a "no wrong door" approach (see attachment D).

Furthermore, OIS does not have experience in estimating level of effort within the HIX-IT project team or within OIS shared services team using a common estimation methodology. It may take several iterations to sync the methodologies when they are stood up.

A risk was raised by the Oracle development team regarding the use of a single instance of WebCenter for development. Oracle recommended that separate instances be used as the planning and coordination issues are considerable and likely will slow development. It is our understanding that a decision has been made by OIS shared services (no written decision has been made available) to use a single instance.

Application and architecture decisions require Modernization agreement prior to implementation. The projects are on different timelines, have only partially overlapping priorities and have a different sense of urgency. See matrix below for priorities.

	DHS	OHA	CO
Individual Tax Credit	P3	P2	P1
SHOP Tax Credit	NA	NA	P1
MAGI (Medicaid/CHIP) eligibility, shopping and enrollment only	P2	P1	P2
Non-Magi			P3
Other Medical			NA
Non medical	P1	P4	NA

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The OIS and HIX-IT overall governance structure as stated in the Project Charter does not appear to be functioning. This process needs to be clarified, documented and made balanced and transparent for the business, and all development teams going forward.

OIS does not appear to have formal, detailed, documented, functioning, transparent technical governance or data governance committees.

The software applications are expected to be merged for the first time towards the end of the HIX-IT project. This has never been attempted within the OHA development teams to date. The technical components of the merge are known to some degree, but how the organization will approach and deal with "collides" on a business level has never been done in OHA/Cover Oregon.

OHA must produce, sync and baseline a variety of detailed schedules (HIX-IT, Modernization, Security, MDM, Environments, OPA/application business rules, SOA, Webcenter, PeopleSoft, IVR, UI, OBIE and CO) for this project to be successful.

OHA and the HIX-IT project has slipped a number of proposed deadlines to date (see scheduling section). Cover Oregon has a schedule that is highly dependent on the HIX-IT, Modernization, and OIS shared services schedules. And vice versa.

A number of basic project processes are not fully implemented within the OIS project structure (e.g., change control, testing, common estimation methodology, common schedule methodology, common activity diagramming methodology, etc.)

Carrier JADs and UI development work under way at CO are expected to continue until the end of the 2012. These items will probably lengthen the overall delivery timeline.

The current high level CO Timeline and the more detailed MS Project Schedule do not have specific usability testing activities identified.

Risks:

1. With the project deadline less than 1 year away and the lack of a stable and experienced organization, development and delivery teams within OHA as well as the requirements delay within CO, the probability of missing the target date is currently an issue.

Recommendations:

- CO should prepare a number of trigger points over the remaining timeline of the project to ensure that scope is continually sized to meet the target date. For example, on November 5th 2012 OHA OIS is scheduled to deliver a detailed project schedule for the remainder of the HIX-IT project. On this date, CO should have a formal review with the OHA CIO, HIX-IT, shared services project teams and QA to understand in detail the project approach, schedule, dependencies and issues. This information can then be utilized to gauge the progress against

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an internal CO confidence checklist. The objective of this review should be to determine if significant components of scope should be deferred. Each trigger point would have a different checklist depending on where the project is on the timeline. An example of a checklist for Nov 5th could be as follows:

- Can scope be locked?
- What percent of scope is outstanding?
- Are schedules for all of the project areas complete, detailed, synced, and tracked using a common methodology?
- Are all project schedules being developed with a common estimation methodology?
- Are key dependencies identified within the schedules and are they listed for the executive management to review?
- Do the schedules have any slack in them and/or does all the scope fit within the current schedule?
- Do the schedules allow for any refinement once the system is constructed?
- Do the Oracle teams agree with the schedules?
- Have Modernization and CO documented the integration points within the application for "No Wrong Door"?
- Is the data that is to be passed from each application clearly documented?
- Is HP ALM operational?
- Are the test teams on board?
- Is there a functional, technical and data governance structure that is balanced and transparent to CO in place and operational?
- Are notes and decisions from these committees clearly documented for the development teams to build from?
- Etc.

The answers to this checklist can then determine a go/no-go for the current scope. If the decision is a no-go for the current scope, CO should have a list of predefined, prioritized and agreed to scope reduction options that can be employed immediately. Scope reduction options could be looked at from a horizontal (across all CO application components) and then, if need be, from a vertical application perspective. An example of scope reduction options could be as follows:

Scope reduction examples from a horizontal perspective:

- Reduce the complexity of the current architecture.
- Defer the merge and rebaseline of code until after go live.
- Implement separate instances of Oracle components that are dependent on interagency business integration.
- Reduce the dependency on the integration with other programs by deferring the "No Wrong Door" approach.
- Implement UI wireframes using Siebel.
- Etc.

Scope reduction examples from a vertical perspective:

- Defer significant portions of the PeopleSoft components and process the billing manually.
- Defer electronic plan loading from the Carriers.
- Defer online Medicaid eligibility, plan selection and enrollment within the Exchange and process them manually.
- Etc.

Each of these options would be pre-sized so that depending on the amount estimated schedule variance or slack desired by CO an equal amount of scope can be deferred. For example, if the schedule is off by 20% and reducing the complexity of the architecture can save 20% in the schedule then this would be employed because it is prioritized high and equals the needed time savings.

The formality of this process will give CO executive management a clear understanding of the project status and enable them to pull the appropriate levers to make the project successful at a variety points in the upcoming year.

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Attachment D: "No WrongDoor" Cooperation (September Finding)

Findings:

OHA/DHS and CO have a general agreement to create a "no wrong door" approach for eligibility and enrollment for state-sponsored medical programs and commercial insurance. This requires the businesses be aligned from both the operational perspective and the informational technology perspective to create a "to-be", future business state model. This is truly a transformation to the way that health coverage is to be administered across the state. Unfortunately, there is no clear authoritative document that defines the expectations for all the programs, authority/delegated authority, governance and detailed functional roles and responsibilities.

This overall business transformational effort that is being under taken is also not currently being tracked like a formal project. Typically a project of this size would have specific governance reporting, charter, scope, tasks, milestones, deliverables, and deadlines for the interagency work that is to be accomplished both operationally and technically.

For example, technical/architectural decisions are being made that may not fully align with the intent of the CO business model. The situation is aggravated by the lack of clear and comprehensive documentation for interagency cooperation with respect to requirements, process interface points, data passing, data sharing, portal entry and exit points, identity and access management, and document sharing.

Risk:

1. Lack of a clear, detailed, integrated view of "no wrong door" will hamper a smooth implementation of this vision
2. Lack of clear direction, governance, and delegation of authority from the OHA, DHS and CO leadership will result in a missed opportunity to integrate the "no wrong door" approach in time for the October 2013 opening the Exchange.
3. Lack of a formal structure for this interagency business project will result in open ended work that may or may not yield sufficient information in time to be incorporated into the development schedule.
4. Without clear direction/requirements from the businesses, technical decisions will be made that may or may not align to the long term operational plan for the businesses. This may require rework or additional future project to realign the technical decisions being made.
5. Without clear operational agreements, staff will not be efficient in executing required transitional tasks for their programs, e.g., process reengineering, job reclassification, resource plans, inter-program agreements, etc.
6. Without a defined process, project, and governance transparency, QA, development, operations, and executive management in the stakeholder agencies will not be able to monitor the progress of the effort to ensure that it is implemented in a timeframe and manner that fits the

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vision outlined by the Directors of OHA and DHS, the Executive Director of CO for the State of Oregon.

Recommendations:

1. The Executive Directors from OHA and CO should commission the business leaders to draft a charter document for interagency transition project. An example of the makeup of a charter document may include:

1) General vision of all the leaders.
2) Scope, which identifies all the agency programs that are required to participate in the effort.
3) Governance structure that identifies the two Executive Directors of OHA and CO as the sponsors identifies the business executive's steering committee and their responsibilities.
4) Assignment of a project manager and scheduler that will produce a baseline schedule within 15 calendar days of charter implementation.
5) High level deliverables, such as:

a) All relevant agencies submit detailed information to a "no wrong door" operational and technical plan that will identify the "to-be" operational and technical requirements. This document will be required to be delivered to the steering committee no later than 45 calendar days after the project charter is released. This document should include:
   i) Identification of all policy changes for each program with respect to the "no wrong door" initiative.
   ii) Identification of the following information about each on-line application:
      (1) General screening requirements for all programs (Medicaid, QHP, etc).
      (2) Detailed map of how clients will access each program through the on-line portal (client direct, community partner, navigator staff portal, etc).
      (3) Specific data elements that is required for each application when they are passed from another application.
      (4) Identification of a common point of transfer (after screening, after application completion, etc.)
      (5) Identification of a common point of entry from a transfer (at additional screening point, selection of benefit, etc.)
   iii) Identification of the following information about their handling of paper and fax applications, phone/IVR applications:
      (1) Identification of the agency that will handle processing of specific applications/or portions of applications.
      (2) "Warm" handoff of clients that call in and require a transfer to another agency.
      (3) Identification of common staffing of support and customer service centers, if required.
   iv) Identification of any issues, risks, barriers, roadblocks or concerns to implementing the operational and technical plan. Along with any roadblocks, barriers or concerns, the agency should propose a solution or solutions as a remedy.
   v) Recommendations for the content of an integrated transition plan.

6) High-level schedule, including definition of "no wrong door" process flows and detailed requirements.

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Attachment E: (Closed) Architecture Simplification (November Finding)

Findings:

- The current architecture implementation of the ORACLE stack may not suit the operational business needs of Cover Oregon.

Background:

In the September MAXIMUS made the following statement in Attachment C of the Cover Oregon (CO) monthly report.

- Oregon Health Authority (OHA) Office Information Services (OIS) has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA have made and are currently making are as follows:
- Assuming the role of prime contractor for the overall state development effort.
- Deploying technology that is new to OHA.
- Deploying an enterprise architectural vision that is new to OHA.
- Deploying a new software development lifecycle (iterative) that is new to OHA.
- Re-organizing the delivery model (centralized model) for IT projects within OHA.
- Standing up new processes to support this new delivery model.
- Merging the technology and business operations of three organizations (OHA, DHS and Cover Oregon (CO)) and attempting to develop a "no wrong door" approach.

In general, the aggregation of the above items constitutes a very high risk for the Health Insurance Exchange ability to meet its business objectives. Two of these items are borne out of an industry belief of cost savings to an organization, items 3 and 5. This document is intended to further describe these items so that all parties have clarity of the significance of the risk taken by the State.

Definitions:

Separate instance (SI) systems – is a method of implementation where each business unit has a separate and complete technology stack for each business unit.

Global Single Instance (GSI) – is a method of implementation that consolidates common lines of business into a single instance of a technology stack from top to bottom.

Enterprise Integration Architecture (EIA) – is a method of implementation that consolidates common services of a technology stack across similar lines of business and implements separate components for less common processes. For example, security would be a shared

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service among all business units and the CRM module may be separate instances for each of the business units.

The proposed HIX-IT architecture is a hybrid of the GSI and the SI approaches.

General Implementation Characteristics

The Global Single Instance to the Separate Instance implementation approaches have an inverse relationship with respect to efficiency and flexibility. The GSI approach has the highest degree of efficiency with respect to licenses required and staff needed to operate and maintain the system. In the GSI approach the flexibility of the businesses to make changes and release new features is considerably curtailed because multiple business lines need to be consulted and agreement must be made on priorities among those businesses. This prioritization effort is required to utilize shared services resources most efficiently. Conversely, the Single Instance approach has the least efficiency and greatest flexibility.

Item 3: Deploying an enterprise architectural vision that is new to OHA.

Nationally, Health and Human Services organizations have a vision of a "No Wrong Door" approach to delivering benefits to their clients. The approach is borne out of the idea that costs can be reduced and services to clients can be improved at the same time. The "No Wrong Door" approach is also required in the ACA. It is important to note that this vision is not related to the system architecture; it is merely an operational vision. Many different architectural approaches can be deployed to implement the desired "No Wrong Door" vision.

OHA/DHS (OHA) OIS is deploying a combination of ORACLE products that together will make up the Oregon OHA and CO solution. The ORACLE solution is comprised of ORACLE developed products and products merged into Oracle through company acquisitions.

OHA has decided that a Global Single Instance (GSI) Architecture approach is the desired strategy for OHA. The GSI architecture implementation is defined by have a single instance for each ORACLE Component servicing all business entities (Modernization and CO) using the system. This decision was made prior to the establishment of the Health Insurance Exchange business. The IT industry, especially ORACLE, believes that this implementation has significant cost savings via reducing the amount of licenses and support staff required to deliver the solution to the businesses.

This architecture approach is typically an evolutionary approach of organizations that currently have separate instance CRM and ERP systems for each business unit. Gartner suggests, "This is the approach (single instance) that should be considered in the integrated organization where there is a high degree of dependence and commerce among units". The degree of integration, dependency and commerce between OHA and CO is primarily in the Medicaid arena. The commonality of the DHS/OHA and CO organizations is currently estimated to be 10% of total system Exchange volume.

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A GSI implementation architecture is typically promoted for organizations that have existing separate instances as a way to save costs and improve efficiency for common business units. For example, a manufacturing company with multiple instance architecture (separate ERP or CRM systems) for existing business lines, will evolve to a single instance architecture when they have mature, common business units, that have common businesses processes.

Separate instance systems are often moved to a single instance over a significant period of time and in a serial process using simple pilot projects. This is due to significant business process reengineering and technical challenges and complexities involved in this effort.

OHA and CO business characteristics are different then what is mentioned above in a number of ways:

- OHA and CO are separate government organizations with different business missions and goals.
- CO is a public corporation and is governed by different rules and regulations then OHA.
- OHA and DHS do not currently have common processes and governance structures.
- CO is a newly formed entity with untested Greenfield processes.
- CO and OHA have different business timelines.

OIS has also decided to implement Modernization and the Health Insurance Exchange into a single instance in a "big bang" style, i.e., OIS intends to launch the both applications simultaneously. The selection of implementation approach is a strategic decision that should be made with executive business management understanding what the technical, development, operational and maintainability risks and impacts are to the business. Forrester Research says, "that business process and applications professionals face a variety of challenges in defining the single instance and identifying an apt consolidation model and hence companies should adopt a cautious, phased consolidation strategy".

Item 5: Re-organizing the delivery model (centralized shared services model) for IT projects within OHA.

Traditionally the development of a shared-service organization (SSO) or shared-service center (SSC) within an organization is an attempt to reduce costs and standardized processes through economies of scale and centralization. A Global Service Center Benchmark study carried out by the Shared Services & Outsourcing Network (SSON) and the Hackett Group, which surveyed more than 250 companies, found that only about a third of all participants were able to generate cost savings of 20% or greater from their SSO.

Risks:

Item 3: Deploying an enterprise architectural vision that is new to OHA.

1.) The reason for adopting the GSI architecture by OIS is primarily cost savings in licensing, operations and maintenance. However, there is no formal cost benefit analysis or return on investment models in the business case to back these assertions nor are we aware that they exist elsewhere. Without a quantifiable cost benefit analysis (CBA) or minimally a "before" and

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"after" analysis of the costs under both scenarios, there is insufficient data to determine that that one approach is more cost effective then the other. The lack of mature inter-agency processes and/or inter-agency planning in the following areas would seriously affect the CBA or ROI of such a business case:

- There was limited significant business process analysis and pre-planning,
- Lack of a clearly defined inter-agency "No Wrong Door" analysis. This is fundamentally the identification of a comprehensive new service delivery model.
- Lack of a common or functional governance processes,
- Limited overlap among inter-agency processes,
- Dissimilar priorities and goals among independent state agencies,
- Lack of state staff with appropriate skill sets resulting in a heavy reliance on highly paid consultants from all over the nation.

Individually, or in aggregate, these items could easily erode any expected cost savings for years to come.

2.) In addition to the above ROI/CBA factors, a Single Instance architecture approach also has a significant overhead or tax with regards to business operations that is not clearly articulated to the participating business entities. Each time a new business line is added or there is a change to the existing business processes, the Single Instance approach requires a feasibility analysis and/or a merge of the new code with the existing production code. The analysis and/or merge process looks for technical differences between the new and the production code. These technical differences often equate to differences in business operations. These differences or "collides" require the business units to resolve their operational differences prior to launch. Once the code is merged and launched, all of the existing businesses within the Single Instance receive a new release of code.

This process poses challenges in change management, downtime for patching and maintenance, upgradability and it increases the regression testing effort significantly. Legislative rule changes in healthcare or Medicaid over the next couple of years may result in a single business line significantly disrupting other lines of businesses each time changes or new rules are enacted.

Item 5: Re-organizing the delivery model (centralized shared services model) for IT projects within OHA.

3.) OIS also uses cost reduction and standardization as their justification to implement shared services organization. Again, there is no cost benefit analysis or return on investment models in the business case to back these assertions. Without a quantifiable model or a "before" and "after" analysis of the costs under both scenarios, it is dubious to believe that one approach is more cost effective then the other. For example, the following items would seriously affect the CBA or ROI of such a business case:

- no detailed strategy by OIS to move the organization to this delivery model.
- not documenting OIS IT processes and work streams pre-implementation,

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- not focusing sufficiently on the transition period,
- not having a robust operational transition plan clarifying employee resources,
- lack of state staff resulting in an over reliance on a significant amount of highly paid consultants from all over the nation.
- not having a risk management or monitoring process in place prior to implementation,
- no proven functional or technical governance processes.

Individually, or in aggregate, these items could easily erode any expected cost savings for years to come.

Recommendation:

1.) Implementing a new Global Single Instance Architecture and a Shared Services organization requires significant inter-agency process reengineering and a major overhaul of the OIS IT department to occur simultaneously. The simultaneous execution of these initiatives introduces a compounding effect with regards to risk. Some short term risk mitigation has occurred, for example, additional ORACLE staff is being imported from around the nation to add expertise in the executive management, PMO, project management, scheduling and development areas of the organization.

In figure 1 below, a simple implementation analysis was mapped against perceived risks based on the large initiatives set in motion by OIS. This analysis shows the three implementation approaches discussed in this document and the technology characteristics relative to the business requirements and needs that can be expected from each of the approaches.

This simple analysis concludes that the EIA implementation approach may aid in reducing risk for the projects and potentially support a more flexible business environment for Cover Oregon in the foreseeable future. This risk mitigation approach of moving to an EIA implementation will potentially require an increase in upfront and O&M costs by CO.

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Figure 1.

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Attachment F: Risk Analysis for Security Implementation (Jan 2013 Finding)

Finding:

A formal security risk assessment has not been conducted on the following items:

- Individual authentication and ID proofing process
- Employer authentication and ID proofing process
- Medicaid authentication and ID proofing process.
- Co-mingling of business and user functions within the same user account.

The standard approach to implementing security controls is to utilize best practices as a guideline. Typically NIST 800 series documents are considered best practice guidelines and should be utilized in conjunction with other vendor best practices if available. Typically vendor best practices also rely on the NIST and other federal and industry documents and provide additional details as to how to implement specific products. The NIST documents typically will use the term guideline in their titles and will often link to other federal documents that are to be considered prior to the reading of the current document. The Office of Management and Budget (OMB) will issue circulars, bulletins and memorandums as guidance to Federal, State and Local governments.

In this area of e-authentication NIST 800-63 'Electronic Authentication Guideline' references the 5 step process from the OMB M 04-04 'E-Authentication Guidance for Federal Agencies'. Page 1 states the following:

"OMB guidance outlines a 5-step process by which agencies should meet their e-authentication assurance requirements:

1. Conduct a risk assessment of the government system.
2. Map identified risks to the appropriate assurance level.
3. Select technology based on e-authentication technical guidance.
4. Validate that the implemented system has met the required assurance level.
5. Periodically reassess the information system to determine technology refresh requirements.

This document (NIST 800-63) provides guidelines for implementing the third step of the above process. After completing a risk assessment and mapping the identified risks to the required assurance level, agencies can select appropriate technology that, at a minimum, meets the technical requirements for the required level of assurance. "

Steps 1 and 2 of the 5 step process above are addressed by the OMB 04-04 document. On page 1 of the OMB M 04-04 document it states, 'This document will assist agencies in

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determining their e-government authentication needs. Agency business-process owners bear the primary responsibility to identify assurance levels and strategies for providing them. This responsibility extends to electronic authentication systems." This document also states in section 4.4 "It is also important to match the required level of assurance against the cost and burden of the business, policy, and technical requirements of the chosen solution."

The HIPAA security rule, IRS 1075, NIST 800-63 and OMB 4-4 all recommend a risk analysis as a key part of the process for designing security controls for a government agency.

In general, a good risk analysis not only includes the probability of threats and vulnerabilities from the security perspective, it also includes the burden (cost, complexity and usability) to the business of implementing the recommended security control. It must do this because some security controls may be too costly or too complex for the agency or the public for which they serve.

Risk:

- Enrollment rates and brand perception can be affected by an exchange user experience that is considered too complex or difficult.
- Without a proper risk analysis by a skilled security professional (inclusive of business risks) OHA and CO will be at odds as to what are the technical risks are and how they are balanced against the business requirements.
- The business and technical side, given deadline pressure, will indicate that it is too late for a proper risk analysis and that the project must accept where it is and move forward anyway. This may be true, however, this issue will plague the business for years to come either by reduced online enrollees or by being compromised by malicious actors.
- Both sides (technical and business) will state that it is too late to conduct the risk analysis. This may be true for the April 30th deadline, however, if the initial system proves to be too cumbersome to navigate during usability testing or to easy to compromise, a system retool may be necessary prior to Oct 1 launch. Without a proper risk analysis the retool runs the risk reopening the debate between technical and business groups and/or of moving the system to the other extreme.
- Without a balanced risk analysis the system design at launch will be dictated by the loudest voices, fear, uncertainty and doubt arguments from both sides of the issue. Typically the technical groups will err on the side of too much security and the business will err on the side of too little security. Both conditions are problematic.
- Without a firm foundation on the true technical risks the security and business groups will be at odds with each other and with CMS and IRS in the future. Lack of foundational analysis will set the stage for a constant rehash of the issues.
- The State of Oregon was given an "Early Innovator Grant" with the understanding that new ground will be broken in many areas. The Federal government expects to be challenged and also to learn from the experiences of the innovator States. These experiences help to shape policy, best practices or federal guidance. The security

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issues above are very good examples of a new area that will benefit from thoughtful analysis that can be shared with the Federal government and other states going forward.

Recommendation:

- Request a formal report from the Federal entities on their risk analysis that supports any position they may currently have. Have this report reviewed by an outside security firm that is skilled in balancing security and usability for government and ecommerce systems.
- Hire a national security firm to conduct research and a security risk analysis that is limited to the scope of the items identified in the findings above. This analysis can then be used to adjust the system security controls prior to, or after the launch if required.
- Release the research and security risk analysis results to CMS and other states as a model of how to balance security and usability for Health Insurance Exchanges going forward.

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Oregon Health Insurance Exchange Corporation (ORHIX) / Cover Oregon (CO) Monthly Quality Status Report

February 2013

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Final

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SECTION 1: Introduction

The Oregon Health Insurance Exchange Corporation (ORHIX), now known as Cover Oregon (CO), recognizes the value of an independent, third-party to provide formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

1. **Initial Risk Assessment** - identification of initial risks facing CO
2. **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
3. **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of February, 2013. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.

Since July 2011, the Oregon Health Authority (OHA) has led the design and implementation of the Health Insurance Exchange – Information Technology (HIX-IT) solution, building upon the Oracle products and Enterprise architecture envisioned by the State of Oregon.

SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. In other words, progress in some areas since last month is offset by the fact that there is one less month until the federally mandated deadlines. Additionally, categories carry different relative weight when assessing the overall risk level of the effort. For example, while 11 out of 16 Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule", and "Inter-Org Coordination" remain high (red), which drives the overall HIGH (red) risk assessment. The Quality Rating Category of "Testing" was also elevated from yellow to red during this period.

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally. For example, in order to meet the federal requirement that the Exchange be up and running by January 1, 2014, the system must be completed and ready to accept enrollments by October 2013. This is clearly a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is fully dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of February, including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO continues to make positive and significant progress towards the launch of the Oregon Health Insurance Exchange. The organization has and continues to demonstrate flexibility and creativity in dealing with this complex and evolving landscape.
- The first two Project Management foundational documents (communication plan and charter) have been submitted to MAXIMUS for formal QC review.
- CO has engaged ORACLE is contract negotiations with respect to hardware/software and services required to operate their own instance of the ORACLE solution set.
- Iteration 16 development is completed. This marks the beginning of the final development iteration (I17) for the Oct 1st release.

- CO has developed a Draft User Acceptance Test Plan (UAT).

The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

Table 1: Summary Quality Standards Scorecard

Quality Rating Category	*QA Risk Level*	*Priority QA Recommendations*	*CO Risk Level*	*CO Response*
OVERALL HEALTH		• See below for specific priority recommendations. • Continue to review, update, and track all outstanding quality risks and recommendations.		• Cover Oregon agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue.
Business Mission and Goals	***Med***	• CO is creating a Business Operations Plan as a supplement to the Business Plan. This is expected to be completed by early 2013. • CO is updating the Medicaid enrollee modeling. This analysis should be shared with CMS and other States. • MAXIMUS recommends that CO formally articulate the dates with OHA and DHS business units as to when the window for automation and operational changes will be closed for this release with respect to Medicaid.		• The Business Operations Plan document is in process of being written. Anticipated completion is by end of March. • OHA, DHS and Cover Oregon staff have been working together on multiple "work streams" related to Medicaid processing • Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon policy and business operations is vital to planning operational procedures for Medicaid processing.
Roadmap	***Med***	• A general road map has been defined that goes until 2016. • The roadmap for the first release will be in flux until scope sizing is completed. This work is expected to continue into the final iteration.		• Version 1 is significantly complete. • Work on 1.x and Partner versions is underway and ongoing.

Scope	[redacted]	• See attachment G. • The Scope for the first release will be in flux until scope sizing and prioritization is completed. This work was expected to be completed in Feb and will now continue into the final iteration. • Some requirements are not yet solidified for the final Iteration. • CO should establish formal trigger points for OHA Medicaid system development and business units and these trigger points should be communicated to the OHA staff and Director to ensure the appropriate focus applied to meet the deadlines for the project. See att C and G.	[redacted]	• Oracle was asked to propose a scope management plan, which Cover Oregon reviewed and modified, based on business need; Maximus has participated in the scope management meetings and was aware of this approach. It was not a one-time-only event based on initial estimates • CO will actively track and manage scope through prioritization and scope management processes all through the final iteration. • CO is prioritizing scope to focus on most important requirements for final iteration. • CO created formal trigger points for Medicaid integration and communicated to OHA.
Schedule	[redacted]	• Continue working towards a comprehensive integrated schedule for HIX-IT and OIS foundational services. • Continue to identify project dependencies and critical paths. • Baseline pieces of the schedule and track for variance. Produce a variance report of the schedule.	[redacted]	• CO continues working towards a comprehensive schedule as outline in our schedule management process. • CO continues working towards a comprehensive schedule as outline in our schedule management process. • CO is moving to baseline the Program Development portion of the schedule in the month of March. Developing variance reports against he baselined sections are

	[redacted]		[redacted]	being considered
Budget	***Med***	• Update the budget to reflect the new multi-instance architecture and organizational costs for CO.		• CO is currently conducting a budget re-evaluation as we shift to a separate Oracle instance. We are in the process of negotiating contracts and working with OHA to best forecast ongoing maintenance and operational costs given this move.
Funding	[redacted]	• CO has secured $226 million in Level 2 funding for the Exchange.		• MAXIMUS correctly notes that Cover Oregon has received $226 million dollars in Level 2 funding from the Federal government. Approximately $90 Million is for IT.
Board Governance		• Continue to work with the Board to maintain the Board Policy Manual, including adequate processes and controls related to potential conflicts of interest.		• MAXIMUS correctly notes that the Executive Director and staff routinely meet with the Board and its finance committee, providing members with a variety of informational documents.

Inter-Org Coordination	[redacted]	• Formally provide clear dates to OHA business and OIS for the near term expectations for Medicaid requirements, and MMIS system interface architecture approach and delivery. • Without proper coordination among OHA/DHS and CO policy and business operations it will put CO in a difficult position with respect to planning the operational procedures for Medicaid processing. This lack of progress can result in a failed 'no wrong door approach" for the state. • In February, CO sent a formal letter to OHA regarding MMIS	***Med***	• In February, Cover Oregon formally provided specific due dates to OHA business and OIS for the near term expectations for Medicaid requirements, and MMIS system interface architecture approach and delivery. • Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon is vital to planning the operations for Medicaid processing. • MAXIMUS correctly notes that there was a letter sent to OHA regarding MMIS. Near term expected dates were given.
Org Management	[redacted]	• The organization is growing at a very quick pace. CO is adapting and managing	[redacted]	• CO agrees with this assessment.
Human Resources	***Med***	• With the advent of the multi-instance architecture approach being taken, CO may need to re-evaluate their IT organization personnel and skill sets. • CO should consider adding an experienced Product Portfolio person. This skill set would be instrumental in defining the detailed features and functions of the product and creating and managing a detailed product roadmap for the various lines of business.	[redacted]	• The current staffing strategy which includes a mix of CO and contracted staff takes into account the need to support the entire technology infrastructure - including new development and operations and maintenance. The scope of the staffing strategy takes into account the need to manage from the hardware to application configuration and management. • CO agrees and is re-evaluating personnel needs by working with OHA to determine ongoing maintenance and operations needs.

Stakeholder Management	[redacted]	• Continue proactive outreach and stakeholder communication	[redacted]	• Cover Oregon continues its proactive outreach and stakeholder communication efforts
Commun-ication	[redacted]	• As the final scope is defined the initial launch expectations may need to be reestablished with the various stakeholders. • MAXIMUS expects that additional changes may occur as final development and testing is accomplished. The communication of these changes will need to be managed with the stakeholders and public.	[redacted]	• The marketing and communications teams are preparing for any changes in initial launch so that expectations can be set with stakeholders and consumers, and marketing materials are appropriate to the situation.
Project Management	***Med***	• The scope and schedule of the final development, if not managed properly can impinge on the testing phase of the project, which, in turn can affect the launch of the system. • See attachment B Detailed reporting and tracking. • The first two Project Management foundational documents have been submitted for formal QC review.	***Med***	• CO agrees that scope and schedule must be managed very closely through final development. • CO continues to manage scope as well as contingencies as outlined in the schedule management plan. • The Communication Plan document has been through the first round of QC. It is now currently in the QC reviewer's queue. • Quality control of project management documentation continues to move forward with the Communication Plan document being updated as per findings from initial round of QC.
Contract Management	***Med***	• Clearly tie contractor work to the project WBS and schedule. Track progress (% complete) accordingly.	***Med***	• WBS tasks that are assigned to contractors have been identified and are being tracked, as are other resources.

Product Content	[redacted]	• User Interface work by Deloitte is scheduled to be completed in by March 1st. This timeline is problematic. • See attachment F Risk Analysis for Security Approach. • See attachment A, C, and D, G.	[redacted]	• Cover Oregon continues to attend the workshops and actively escalates progress or issues as they arise. • Much progress has been made to identify the security model and process. Cover Oregon has had multiple meetings to discuss account management and determine the appropriate security model balanced with a useable web site. • Cover Oregon is actively managing the product content through the Foundational Services summit. (These are twice weekly meetings chaired by a Cover Oregon representative, with IOS leadership and relevant project management staff. • Scope management documentation is in process, and Cover Oregon has created and is utilizing a comprehensive change control process. • SOW for security review and recommendation is being completed for the month of March. (Please refer to attachment F)
Testing	[redacted]	• Create a comprehensive Test Plan that outlines the strategy for iteration and UAT & IV&V testing to be conducted by CO • An additional iteration may be required to complete all the scope left for the system. An additional iteration would encroach on the System Integration Testing and is	[redacted]	• Cover Oregon created a comprehensive test plan to guide testing activities across Cover Oregon and to integrate with HIX-IT testing process. • Cover Oregon agrees that additional iteration

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	[redacted]	clearly problematic. • OHA System Integration Testing is scheduled to significantly overlap CO User Acceptance Testing due to the already tight schedule.	[redacted]	is required and has sequenced development to allow for back office configuration while customer-facing technology is tested. • Cover Oregon will ensure any overlap is tightly managed. Cover Oregon will coordinate testing using a risk-based approach. This will ensure the highest level of product quality in priority areas.

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Table 2: QA Risk Level Tracking

Quality Rating Category	June '12	July '12	Aug '12	Sept '12	Oct '12	Nov '12	Dec '12	Jan '13	Feb '13
OVERALL HEALTH									
Business Mission and Goals				M	M	M	M	M	M
Roadmap			M	M	M	M	M	M	M
Scope									
Schedule									
Budget	M	M	M	M	M	M	M	M	M
Funding	M	M	M	M	M	M	M		
Board Governance	M	M	M	M					
Inter-Org Coordination									
Organizational Management	M	M	M	M	M				
Human Resources	M	M	M	M	M	M	M	M	M
Stakeholder Management	M	M							
Communication	M	M	M	M	M				
Project Management				M	M	M	M	M	M
Contract Management	M	M	M	M	M	M	M	M	M
Product Content	M								
Testing				M	M	M	M	M	

SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of February, 2013.

Section 4: Updated Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. At the client's request, unique numbering has been introduced for both risks and recommendations, to assist in tracking. For example, risks in the Business Mission and Goals section of the report can be identified as Risk-BMG-1, Risk-BMG-2, etc. Recommendations can be similarly, uniquely identified. The integrity of the numbering will be preserved during future reports.

Table 3: Detailed Quality Standards Scorecard

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Quality Rating Category	*Jan 2013*	*Feb 2013*	*Risk Assessment Finding, Risks, and Recommendations*
Business Mission and Goals (BMG)	***Med***	***Med***	
			Findings During Period: • CO is creating a Business Operations Plan as a supplement to the Business Plan. This document is expected to further detail the various exchange functions and plans for the first release of the exchange. A draft outline of this plan was completed in Feb. • The Business Plan is expected to be revised with to include updated enrollee projections by the end of March. • CO is updating the Medicaid enrollee modeling by reaching out to other states that have online experience with Medicaid populations. This information will be utilized to create a model with a broader set of source material. This material is expected to add to the enrollment strategy and approach. This analysis will be a valuable piece of work that should be shared with the Feds and other States. • The business mission and goals between OHA OIS and CO are not fully aligned with respect to Medicaid. Work is being done in this area, however, the cultures and timelines are different. March 1, 2013 will be the last date for requirements for the Oct 2013 IT release. After March 1st the work/decisions/agreements between OHA and CO for system automation of Medicaid will have to be pushed into the release due out after Oct 2013. CO has formally notified OHA OIS of their expectations, trigger events and dates they will use to determine if a contingency plan must be implemented for the Oct 1st release. • (New) New exchange participation information was identified. ***Risks:*** **1.** Without a sufficiently detailed enrollment modeling and financial information in Business Plan CO may set the wrong expectations with the Board and various stakeholders. **2.** Without clear understanding, communication and alignment of the deadlines and priorities for the Oct 2013 release between the business units (CO, OHA) may result in delayed launch for Medicaid. ***Recommendations:*** **1.** Closed. **2.** Closed. **3.** (In process) Utilize updated business market data, potentially from Wakely Group and other states for Medicaid enrollee projections. Use this to enhance the Business Plan document with more detailed analysis.

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			4. (In process) Update the detailed business model for the Exchange. Document in detail all relevant assumptions, risks, constraints and contingency plans. Update in detail, all revenue projections with justification of why they are valid. Update, in detail all costs with justification of their validity. This information should be used to model and determine long-term sustainability in a variety of circumstances. This information should be appended to the updated Business Plan. This plan should include Medicaid "take rates" for the electronic exchange, as well as references to source materials. **5.** Clearly identify the business roadmap and ensure that it is connected with the business modeling and Business Plan. **6.** Closed. **7.** Closed. **8.** CO should formally (letter) articulate the dates with OHA and DHS business units as to when the window for automation operational changes will be closed for this release with respect to Medicaid. **9.** (New) Carefully consider all, recent participation rate information.
Roadmap (RM)	***Med***	***Med***	
			Findings During Period: • A general road map has been defined that goes until 2016. • The roadmap for the first release will be in flux until scope sizing is completed. Scope sizing is expected to be completed for the Oct 2013 release no later than March 1st 2013. ***Risks:*** **1.** Without a clear, comprehensive, and authoritative description of the Exchange roadmap, the project will likely continue to have incomplete data for future budgeting and unclear project priorities. **2.** Closed. **3.** Closed. **4.** Closed. **5.** Without a roadmap projection beyond 2013 will be difficult to do development budget projections for future grants and operations and development. ***Recommendations***: **1.** Closed. **2.** Closed. **3.** The process of defining and prioritizing the scope should be identified in the Requirements Management Plan. This plan should be updated, approved and implemented within the project.

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			4. Create an integrated set of roadmap documents to communicate with the HIX-IT project, CO staff, CO Board of Directors, and other stakeholders. **5.** Closed. **6.** The process for developing the roadmap(s) should be documented so that it can be evaluated by stakeholders prior to getting deep into the process. Also, all underlying assumptions should be articulated in the process so they can be agreed upon by executive management. **7.** Finalize the functional roadmap, including a high-level schedule of required functionality, and prioritized features. Clearly communicate requirements and due dates with HIX-IT. **8.** Closed.
Scope (SCP)	[redacted]		
			Findings During Period: • (Update) Scope "lock down" and scope sizing continued through the month of Feb. and is now expected to continue through the final iteration. See attachment G for further details. • (Update) The milestones and tasks for the final scope sizing are not clearly identified as of this writing. • (Update) See Attachment C Contingency Planning. CO has established formal trigger points with respect to the Medicaid interface. • The Work Breakdown Structure (WBS) and project schedule is being updated and maintained on an ongoing basis. • CO continues to refine the WBS for its programs. This process seems to be very valuable to the Organization and Executive Management. • (New) Currently the project does not differentiate different lines of business with in the current scope. See attachment G for details. • (New) Currently, a cross functional view of the Product Development Lifecycle (PDLC) does not exist and clear connections between development, operations and marketing are lacking. ***Risks:*** 1. Closed. 2. Closed. **3.** See Attachment C. Without clear trigger points for reviewing the program progress, resources, and outstanding scope against a realistic schedule CO executive management may be surprised at the end of the development cycle. **4.** Closed.

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			5. (Update) Without clear milestones, tasks and checkpoints for the Scope lockdown and sizing for the month of February (now March) CO may be presented with surprises and tough decisions at the end of the final Iteration with respect to Scope deferment. **6.** Without formal trigger points for Medicaid Interface system development and communication of these trigger points to OHA OIS the development may languish beyond timeframes that are realistic for the inclusion into this release. If the expectations are not clear to and from OHA and CO on the development approach and business operations on a date certain it will affect, testing, training, and operational execution of the exchange. **7.** (New) See Attachment G. ***Recommendations***: **1.** Closed. **2.** Closed. **3.** Closed. **4.** Define and implement clear project management processes and controls for maintaining the CO WBS, including "rolling wave" elaboration of near-term work. See the Project Management Section of this report for more details on this topic. **5.** Closed. **6.** Clearly define all status and oversight reporting requirements and expectations, including those from Department of Administrative Services (DAS), Legislative Fiscal Office (LFO), and Joint Committee on Legislative Audits and Information Management and Technology (JCLAIMT). Verify that all HIX-IT fiscal budget note items are adequately addressed. Define an integrated, meaningful dashboard report, with appropriate drill-down functionality. **7.** Closed. **8.** Consider independent QC of the WBS. **9.** Develop and formally communicate the expectations and contingency plans to OHA, see Attachment C. **10.** Closed. **11.** (Update) Continue to work with HIX-IT, OIS Foundational services, Deloitte, to align with their respective WBS documents. **12.** (Update) Continue to integrate use of the Schedule (and underlying WBS) into the day-to-day management and planning of the project. This will ensure that these documents are useful and accurate. **13.** Closed. **14.** (Update) Develop clear milestones, tasks and checkpoints for the Scope lockdown and sizing for the final iterations for the Oct 1 release. This was to happen in February and not completed, and is therefore spilling over into the final iteration. This is problematic since it will affect System Integration Testing which

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			will affect User Acceptance testing (UAT) and the final release date. This effort has a cascading effect on the schedule and may begin to affect other assessment metrics negatively. **15.** CO and OHA should resist prolonging the requirements window any further then March 1st as it will affect the organization and schedules of the testing, training, and operational execution of the project. Typically the languishing of the requirements window results in a day-for-day slip of the schedule in the other areas of the project. **16.** CO should establish formal trigger points for OHA Medicaid system development and business units and these trigger points should be communicated to the OHA staff and Director to ensure the appropriate focus applied to meet the deadlines for the project. Care should be taken as to not let these trigger points languish. See item 15 above for consequences for prolonging trigger points. **17.** (New) See attachment G.
Schedule (SCH)			
			Findings During Period: • The HIX IT and CO teams continue to meet and review the HIX-IT Schedule. There was agreement on how the schedules can be linked. The schedulers are linking their schedules via milestones. This initial milestone linking is a good start. However, the level of detail that will be required to ensure appropriate coordination remains to be seen. The schedulers should have a clear understanding on the methodology each uses to update their schedules. • The Work Breakdown Structure (WBS) and project schedule are being updated and maintained on an ongoing basis. Teams meet weekly to provide updates to the scheduler, however, it is not clear that these documents are being consistently used to manage project work on a day-to-day basis. • Continued progress was made during the month on the CO schedule. A variety of significant gaps still exist in the HIX-IT WBS that are dependencies for CO and vice versa especially in the areas of foundational services. • Both the HIX-IT and the CO schedules lack baselines for variance measurements. QA is requesting that the schedule be baselined for all tasks over the next 30 days. • (Update) The HIX-IT, OIS foundational services, and CO schedules do not have a common methodology for tracking and identifying dependencies, critical paths, work completion, variance, resourcing, etc. The teams are meeting and working through these issues. • The lack of reliable estimating by HIX-IT, undiscovered development issues and incomplete requirements by CO will result in continued surprises to CO throughout the project. • HIX-IT has a significant dependency on unstaffed components of the OIS organization, i.e., foundational services. In addition, HIX-IT has a dependency on the Modernization project. The impact of these dependencies is an open issue and will affect the delivery to CO.

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			• Reviews of the HIX-IT Schedule for CO are being conducted on a regular basis. ***Risks:*** **1.** Without a clear understanding of the HIX-IT project schedule, including the activities and tasks specifically assigned to CO, there is a risk that the project will not be completed on schedule. **2.** Closed. **3.** Closed. **4.** Closed. **5.** Without clearly defined dates and features formally provided by Cover Oregon to HIX-IT it will be impossible for HIX-IT to define a complete development schedule to present to Cover Oregon. Relying on the iterative or "progressive elaboration" approach without a comprehensive estimation process in OHA foundational services and the Modernization project, will most likely result in continued surprises and missed delivery dates. **6.** Closed. **7.** Without clearly linked schedules between CO and HIX-IT the project will suffer from confusion and misaligned expectations and missed deadlines. **8.** (Update) Without a clear understanding of the HIX-IT Foundational Services level of effort (LoE) and the integration of foundational services with the HIX-IT project, CO may not meet their business objectives. ***Recommendations:*** **1.** Develop a single, comprehensive, authoritative and baselined schedule for all non-HIX-IT CO work, using the WBS described in Scope Section of this report. This schedule must include *all required activities and tasks* (at least at a high-level), as well as all durations, resources, and dependencies, required for the successful implementation and operation of CO and the Exchange. Clearly define assumptions, dependencies and constraints. It should also include references (links) to other schedules, including HIX-IT, as well as other relevant DHA, OHA, or DCBS Initiatives. The Schedulers are beginning to link the schedules on common milestones present in the schedules. **2.** Confirm OIS intention to develop (with significant CO input) a single, comprehensive, authoritative schedule for the HIX-IT project. This schedule must include *all required activities and tasks* (at least at a high-level), as well as all durations, resources, assumptions and dependencies, required for the successful design and implementation of the HIX-IT solution. It should also include dependencies (links) to other schedules, including relevant OIS Enterprise Initiatives, as well as CO. Any specific activities and tasks that are required by the HIX-IT project to be completed by CO, including requirement definition and testing, must be clearly and explicitly scheduled. **3.** Closed.

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			4. Define and implement common project management processes and controls for maintaining the schedule across OHA and CO, including "rolling wave" elaboration of near-term activities, baselining, variance tracking, resource loading and common reporting of project progress and status. Ensure that all the schedulers are using a common methodology for estimating work, tracking progress and variance, identifying critical path and dependencies in the schedules. See the Project Management Section of this report for more details on this topic. **5.** Closed. **6.** CO should formally define their expectations to HIX-IT with respect to features and timeframes for product delivery. This formal process will allow HIX-IT to develop a delivery schedule that can be presented back to Cover Oregon for review and analysis. CO should memorialize these items in a short term and long term IGA document. **7.** (Update) Given the difficulty in estimating the development work across the foundational services and other projects within OHA, CO should embed sufficient slack in its schedule (on the order of 30+ percent). CO should continue to monitor the IT delivery deviations including the completion of use cases, testing platforms, standing up of environments, on boarding staff, and product delivery. These deviations should be reported to CO Executive staff in the weekly or monthly reports by CO CIO. As OHA OIS foundational services and HIX-IT improves their ability to estimate dates and level of effort CO can begin to reduce the slack in its schedule. **8.** Consider independent QC of the Schedule. **9.** Closed. **10.** Baseline pieces of the schedule and track for variance. **11.** Consider tracking Earned Value metrics. **12.** Closed. **13.** (Update) Formally baseline the schedule, including CO, HIX-IT, Deloitte, and foundational services.
Budget (BGT)	***Med***	***Med***	
			Findings During Period: • The new multi-instance approach of the ORACLE software will have an impact to the current and future budget of the organization. • (New) To maintain the current project scope and schedule, OHA/CO has requested that ORACLE maximize the capacity of the development teams. This will add approximately 21 resources in the short term. These additional resources were not anticipated in the budget. ***Risks:***

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			1. Closed. 2. Lack of full transparent accounting practices and spending by OHA MAX program will continue to cause issues between CO and OHA. This will result in increased tensions as more money is spent and deadlines near. 3. The lack of fully elaborated, integrated and baselined WBS and schedule raises the risk that the project scope, schedule, and therefore costs are not clearly understood. As a result, the budget is at risk of being inaccurate. 4. Changes in architecture approach will affect the budget of the organizations. 5. (New) addition of unplanned staff to achieve the outstanding scope will increase costs in the budget. ***Recommendations*:** **1.** Document and implement a budgeting process for CO. This process should include the tracking of assumptions and dependencies. **2.** Update the budget projections for CO. Ensure the Budget projections are aligned with the roadmap items that will be established. **3.** CO should work with OHA to jointly review cost allocation methods, estimates of future expenditures, and associated financial controls. **4.** CO should request OHA to conduct an independent financial audit of the HIX-IT funds being forwarded to and spent by OHA for the development of the Exchange. This will give the Board a clear and complete picture of the Health Insurance Exchange financial operations in the State of Oregon. CO should make the transfer of level 2 funding to OHA contingent upon standard auditing practices and transparency be employed by OHA OIS. **5.** Request formal, comprehensive documentation of all relevant cost allocations by OHA to CO, including indirect overhead and foundational service costs. These items should be reviewed at regularly scheduled monthly budget meetings. **6.** (Update) Closed. **7.** With the advent of the multi-instance approach being taken by CO and OHA a budget reevaluation should be conducted to determine the budget impact of this decision. **8.** (New) With the addition of ORACLE resources to complete the development a budget reevaluation should be conducted to determine the budget impact of this decision.
Funding (FND)	[redacted]		
			Findings During Period:

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			• CO has received $226 million in Level 2 funding. Approximately $90 million is for IT. ***Risks:*** **1.** Closed. **2.** Closed. **3.** Lack of a concerted and fully transparent grant financial reporting between CO and HIX-IT may cause confusion among the stakeholders and oversight entities. **4.** Closed. **5.** Closed. **6.** Closed. ***Recommendations:*** **1.** Closed. **2.** Closed. **3.** Closed. **4.** CO will need to work closely with OHA budget personnel to ensure the OHA Policy Option Package and increased spending limitation reflects HIX IT needs with respect to continued development, operations and maintenance. **5.** Closed. **6.** Closed. **7.** Closed.
Board Governance (BG)			
			Findings During Period: • The CO Board meets on a regular basis and receives updates from Executive Director and his staff on a variety of topics. • CO management supplies the Board with a variety of informational documents including the MAXIMUS Risk Assessment Reports. ***Risks:*** **1.** Closed. **2.** Closed. **3.** Closed.

			Recommendations: **1.** Continue to work with the Board to maintain the Board Policy Manual. Review and ensure that clear roles and responsibilities are established, in accordance with the Carver Model. **2.** Closed. **3.** Closed.
Inter-Org Coordination (IOC)	[redacted]		
			Findings During Period: • Interagency requirements definition and "to-be" processes require additional definition. See attachment D. • (Update) CO and HIX-IT/MAX meet every week in the Technology Management Meeting. Attending are members of the CO Executive Team, including the Executive Director, CIO, COO and Program Management, the HIX-IT project manager, Oracle Project Managers, and the MAX Director. On the agenda are topics that cover inter-project issues across the OHA enterprise that affect HIX-IT. • (New)The Medicaid Eligibility Steering Committee (MESC) is a joint task group that is coordination the Medicaid activities among OHA/DHS and CO. This committee has created 13 work groups that are attempting to coordinate Medicaid policy and operations. This effort is large and it is evident that it will take an extended period of time for it to make significant headway. To be operational CO will need this information in April of this year. It is evident that sufficient information will not be available for CO to plan its operation for the Oct 1st rollout. • In February, CO sent a formal letter to OHA regarding MMIS inclusion in the initial deployment. ***Risks:*** **1.** Without a professional and collegiate working relationship and full transparency between agencies at the highest executive level, conflicts and communication issues will continue and likely worsen. **2.** Without close cooperation, decisions made without appropriate analysis of the impact on CO. **3.** Without more detailed IGA's in place, clear delineation of roles and responsibilities may become problematic in the future. **4.** Detailed interagency requirements and "to-be" process definition are required. See attachment D. **5.** OHA and CO Medicaid groups may continue to propose changes into the development and operations groups as they move into testing, training and deployment. Typically this situation will cause confusion in development, testing, training and operational deployment if not managed properly. The testing and training schedules are already short and lack of clarity will affect the schedule, execution of operational plans and or quality of the final deliverable. **6.** (New) Without proper coordination among OHA/DHS and CO policy and business operations it will put

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			CO in a difficult position with respect to planning the operational procedures for Medicaid processing. This lack of progress can result in a failed 'no wrong door approach" for the state. In addition, it can result in CO having to quickly adapt to the decisions of OHA and DHS may or may not make over the summer and fall of this year. ***Recommendations***: **1.** CO should lead the effort to clearly define roles and responsibilities for each of the major organizations involved in CO, including both the HIX-IT project and ongoing operations. IGAs should be put in place to clearly identify the working relationships, boundaries, expectations and governance for the development and the operation of the Exchange. **2.** CO should lead the effort to clearly document, approve and implement the governance process between CO and HIX-IT. This document should include a clearly defined set of tactical and strategic governing meetings, including scope, intention, and membership. Governance should include immediate project work, as well as ongoing operational responsibilities. CO should enlist the assistance of the LFO as required. This process should be identified in the IGA. **3.** Closed. **4.** Closed. **5.** CO should create a list of all IGAs that are and will be established. This list should identify/track any inter-agency agreements and/or decisions, including those related to the communication/outreach, processing of paper eligibility applications, and call centers. **6.** (Update) Establish formal Inter-Agency Agreements (IAAs) with each of the organizations and/or projects in the Interagency Agreement Plan so that clear boundaries and expectations are established. Projects include the Department of Human Services Modernization (DHSM) Program, including Initial Win (IW), Master Data Management (MDM). Other related efforts include a variety of OIS enterprise infrastructure / enterprise initiatives, including security and environment management, as well as Community Care Organizations (CCO) support efforts. **7.** Closed. **8.** Communicate the appropriate inter-agency agreements and processes to the Board and staff. **9.** See attachment D. **10.** Formally (in writing) provide clear dates to OHA business and OIS for the near term expectations for Medicaid requirements, and MMIS system interface architecture approach and delivery. **11.** The work with OHA Business with respect to "No Wrong Door" may need to mature and span over multiple system releases. With this understanding CO should consider crafting a long-term strategy i.e, roadmap that demonstrates short term as well as long term goals and objectives.

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			12. (New) With respect to Medicaid, CO should present a number of options (strawman) for the OHA and CO Director and Executive Director to discuss with SME's involvement. Acceptance or modification of the options will assist CO in understanding the vision for OHA. This may enable some level of planning while the MESC team is working out the details. **13.** (New)CO may also consider focusing on some core set of Medicaid applicants that it can satisfy without significant decisions from the MESC group. Contingency plans can then be made to flex this portion of the operation when the final details are available from the MES Committee.
Organizational Management (OM)	[redacted]		
			Findings During Period: • CO has adopted a new system architecture that will require a different IT organization then was originally envisioned. • (New) The organization is structured to deliver the various lines of business in a horizontal fashion. See attachment G for details. ***Risks:*** **1.** Closed. **2.** Closed. **3.** Limited startup experience may affect the ability of the organization to execute its mission as effectively as possible. This may result in missed opportunities for leadership within the State, and gaps in the execution of the Business Plan. **4.** Closed. **5.** (New) Viewing the organization and project in a horizontal fashion may make coordination and delivery a more complex process. Integration of cross functional areas will not be well coordinated and will result in a product delivery that has fits and starts. See attachment G. ***Recommendations:*** **1.** As the CO Roadmap, WBS and Schedule are completed; Executive Management should clearly communicate the roadmap and internal organizational plan to the staff. **2.** Identify key internal operational processes and assign these processes to the specific executive management for development. These processes should be developed using process flows, approved and implemented and placed under change control so the staff and QA can clearly understand how the organization is operating. Clearly document all related processes, policies, and procedures.

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			3. Continue to refine and update the CO organizational chart, including detailed roles, responsibilities, expectations, and authorities. **4.** Consider additional entrepreneurial resources to assist the CO executive management team in moving toward a more entrepreneurial operating model. **5.** Closed. **6.** Closed. **7.** CO should re-evaluate the organizational needs of the IT department with the advent of the new architecture and responsibilities CO has incurred. **8.** (New) CO should consider adding a Line Manager that is responsible for delivering a specific product line. This position should operate from the perspective of the Product Development Lifecycle (PDLC). See attachment G.
Human Resources (HR)	***Med***	***Med***	
			Findings During Period: • After reviewing the Organizational needs of the IT group based on the architecture change, new roles are probably necessary in the organization. • Viewing the product delivery from a product line perspective rather than a single product perspective will require a slightly different resource structure. ***Risks:*** **1.** The dynamic nature and fast organizational growth of CO may create significant staff stress and frustration. Communication and HR support systems will be taxed. **2.** Staff with gaps in their skill sets can create schedule delays, rework and/or incorrect planning and execution for the organization. **3.** Closed. **4.** Closed. **5.** Lack of a product or portfolio skill set in the organization will hamstring the organization in its ability to deliver focused products and link them to effective advertising and marketing campaigns. ***Recommendations:*** **1.** Continue to focus on defining and implementing the required HR support processes. Finalize the CO Human Resource Management Handbook. Complete job descriptions for all filled and anticipated staff positions.

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			2. Closed. **3.** Continue to support team building and informal support structures for staff. **4.** Complete, publish, gain approval of, and implement a comprehensive CO Resource Management Plan that includes a required skills matrix. **5.** Inventory the skills of the existing staff and perform a gap analysis to the required skills of the organization. The gaps should then be prioritized and either staff should be augmented with consultants, trained or new employees should be sought out with the proper skill sets. CO should continually evaluate employees skills against the tasks they have been given. Areas where there are gaps should be identified and mitigated quickly. **6.** Implement formal HR Policies and procedures. **7.** Closed. **8.** Re-evaluate the needs of the IT organization to determine if new roles and personnel are needed based on the change in architecture and delivery model. **9.** (Update) CO should consider adding an experienced Product Managers who are focused on delivering specific products to the market from a cross functional perspective. This skill set would be instrumental in defining the detailed features and functions of the product and creating and managing a detailed product roadmap for the various lines of business.
Stakeholder Management (SM)	[redacted]		
			Findings During Period: • CO has engaged in multiple stakeholder outreach and communication efforts throughout the month. ***Risks:*** **1.** Lack of proactive communication with Exchange stakeholders may limit early participation and/or public support. ***Recommendations:*** **1.** Complete, publish, gain approval of, and implement a comprehensive CO Stakeholder Engagement Plan. **2.** Develop scenarios to clearly communicate the benefits of participating in the Exchange. **3.** (Update) Continue proactive outreach and stakeholder communication efforts.
Communications (COMM)	[redacted]		

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			Findings During Period: • A marketing and communications RFP was posted for a Vendor to execute the communication plan and a vendor was selected. ***Risks:*** **1.** If the Exchange does not communicate its functions in a consistent manner then confusion and frustration may result for entities that need to oversee, interface with, purchase or supply services to the exchange. **2.** If the Exchange does not communicate its functions in a consistent manner then CO's management credibility may suffer. ***Recommendations:*** **1.** Closed. **2.** The internal marketing function of CO should work with the IT, SME's and executive management to identify areas where specialized high level communications need to take place. The Marketing organization can and should utilize the information that should have been produced from the work identified in the Roadmap Section of this report to begin to articulate the functionality of the exchange. **3.** Closed. **4.** The Marketing organization should establish consistent messaging for the organization that reflects the roadmap of the Exchange. **5.** Design and implement a specific external marketing / education program, including the clear purpose and benefits of participation in the Exchange. **6.** Consider independent QC of the final Sandstrom deliverable.
Project Management (PM)	***Med***	***Med***	
			Findings During Period: • Refer to Attachment F • Work is continuing on a variety of "foundational" PM documents. • Project tracking and reporting findings are included as Attachment B. • Monthly CO status reporting is being tied to tasks in the CO schedule. • (New) The first two Project Management foundational documents (communication plan and charter) have been submitted to MAXIMUS for formal QC review.

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			Risks: **1.** Without a full set of "foundational" project processes and controls, the project will likely suffer from ad hoc and inconsistent execution of the project work. **2.** Closed. **3.** Without all of these foundational documents being clearly completed, approved, and enforced by executive management they will not be institutionalized. **4.** Combined with PM Risk #1. **5.** Without a clear set of metrics from which to track and report progress to the executive management of CO, HIX-IT, the Board, and LFO COs project management will continue to react to requests for a variety of status information. **6.** Closed. **7.** Closed. **8.** Project tracking and reporting risks are included as Attachment B. ***Recommendations:*** **1.** Closed. **2.** Finalize and implement a full set of "foundational" operational documents, including human resource management, contract management, grant administration, CO governance, staffing plan, stakeholder communications, and accounting management plans. **3.** Closed. **4.** Closed. **5.** Finalize and implement a comprehensive change control process for all of these foundational documents, as well as the WBS and schedule, as described in the Scope and Schedule Sections of this report, respectively. Include guidelines regarding "rolling wave" elaboration of near-term activities. Coordinate all change control processes with the Project Management Office (PMO). All documents should be placed under formal change control and be available in the Dropbox. **6.** The Dropbox should be set-up on a manner that aligns with the WBS so that documents can be easily located. A process for document versioning should be evident. **7.** Closed. **8.** Finalize and implement common guidelines for reporting progress, including % complete. Consider implementation a common earned value management (EVM) approach that can be articulated jointly for both the HIX-IT project and CO schedules. **9.** Closed. **10.** Closed.

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			11. Project tracking and reporting recommendations are included as Attachment B. **12.** (In process) Consider independent QC review of "foundational" PM documents, including relevant HIX-IT foundational documents.
Contract Management (CM)	***Med***	***Med***	
			Findings During Period: • CO is currently updating the contract policy and procedures. • CO is maintaining a contractor invoice tracking spreadsheet. This spreadsheet includes a comprehensive view of all current contracts, and includes type, term, and value of all contracts. • Progress has been made to tie some contactor work to specific deliverables. However, contractor work is not clearly tracked against the project WBS or schedule. • Recent contracts are deliverable-based, however legacy agreements remain, for the most part, time and materials ***Risks:*** **1.** Agreements that allow contractor's to bill for hours worked, instead of fixed priced payments for satisfactory completion of specific deliverables, leave the onus on CO to verify that the hours were worked and sufficient value was created by the contractors, according to their individual agreements. It may also be difficult to prove or justify the commensurate expenditures. **2.** Without clear contractor procurement and management plans, as well as documented contractor deliverable expectations and deliverable-based payments, CO may have difficulty extracting the expected tangible value from these contractors. This may also lead to the inefficient use of contractor staff and the associated Federal funds. **3.** Without a clear tie between contractor work and the project WBS or schedule, effective management of contractor effort and billings will be difficult. ***Recommendations:*** **1.** Closed. **2.** Conduct an independent assessment of all contractor activities and proposed deliverables. Identify opportunities to convert contractor payment method to state approval of specific contractor fixed-priced deliverables. Renegotiate agreements, as appropriate. **3.** Closed. **4.** Define specific roles and responsibilities for contractors. Clearly assign work, as defined in the WBS and schedule, to specific contractor staff. Use this information to update the CO staffing plan, as

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			appropriate. **5.** Closed. **6.** Closed. **7.** Develop transition plans to move contractor positions to CO employees. **8.** Clearly tie contractor work to the project WBS or schedule. Track progress (% complete) accordingly.
Product Content (PC)			
			Findings During Period: • CO is currently developing a Scope Management strategy and process - the expected release of this document is unknown at this point. • (Update) The current Identity and Access Management (IAM aka. IDM), Single Sign On (SSO) and Role Based Access (RBAC) strategy is incomplete. CO has decided to contract with an independent security consultant to do a risk analysis of the security solution. • The User Interface work being conducted by Deloitte is scheduled to be completed in the March 8th 2013. These requirements are dependencies for the HIX-IT schedule development and will likely negatively impact the overall schedule. • (New) User Interface work by Deloitte is scheduled to be completed by March 1st. This timeline is problematic. ***Risks:*** **1.** Closed. **2.** Closed. **3.** (Update) The foundational services components (Security, MDM) will be implemented later in the process, potentially resulting in significant rework. In addition, process flows may need to change and or expected functionality may not be available when foundational services models are over laid on the existing builds. 4. Managing and matching docs in workflow processes will affect system design, customer expectations and HIX staffing requirements. See Attachment D for workflow-related, "no wrong door" risks. 5. Obtaining federally required signatures on documents may be a burden for the customer, system and customer service organization. **6.** Closed. **7.** Closed. **8.** Informality in the use of BPM or UML will result in varying degrees of process flow quality. **9.** Closed. **10.** Closed.

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			11. Please see Attachment A for specific, security-related risks. **12.** Please see Attachment C for contingency planning risks. **13.** Please see Attachment D for workflow-related, "no wrong door" risks. ***Recommendations:*** **1.** Closed. **2.** Implement a product validation procedure and requirements change management process to validate the requirements submitted for development. Implement a change process to correct any defects of requirements. **3.** Define the process for integrating the requirements from CO into the foundational services components of the development teams early in the requirements process. **4.** Identify all areas where documents are expected to be uploaded, faxed or mailed and review the validity for these documents in the workflow process. Ensure that the system architecture has a document management strategy. Ensure that the documents requirements are clearly identified in the current JAD session, Data requirements, use cases etc. An inventory of all document expectations should be identified to assess the magnitude of the effort. See Attachment D. **5.** Clearly identify where signatures are required for client documentation. Validate if they are required by consulting DOJ, IRS, Carriers, etc. **6.** CO should have a formal review the existing OUM process (including foundational services) as it is implemented (tailored) for the Exchange project. This OIS process should be clearly documented, approved, implemented, and placed under change control. The process, if not controlled, will begin to drift as project managers move their attention to other areas/processes of the project that need to be "stood up". This will also enable QA to monitor the process as it continuously improves. **7.** Closed. **8.** A complete and accurate record of all iteration use case work packages and Oracle functional and technical design documents and Corporation testing documents should be organized and kept as a complete package in the Dropbox. Understanding the amount of customization of the current implementation will be critical for CO as future needs are established. **9.** CO should require all BA work to be done using CMS standards whenever possible. This will help ensure that 1.) the work done by all the BA's is completed with a common language. 2.) this common language can be utilized to communicate more effectively with trained developers and 3.) the products can be archived and reused at a later date potentially with different BA's and Developers. **10.** Closed. **11.** Please see Attachment A for specific, security-related recommendations. **12.** Please see Attachment C for contingency planning recommendations.

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			13. Please see Attachment D for workflow-related, "no wrong door" recommendations.
Testing (TST)	***Med***	[redacted]	
			Findings During Period: • (Update) The first draft of the CO test strategy was delivered in February. • The CO scheduler and testing manager has developed and initial timeline for UAT. • HIX-IT has planned to provide a UAT testing environment that will be used solely by CO. A schedule for implementation of this environment needs to be identified by CO. • CO has decided to have Independent Verification and Validation (IV&V) testing completed on the system prior to training. • The development is scheduled to go beyond the anticipated April 30th deadline. This will most probably increase SIT testing which is a dependency for UAT testing. ***Risks:*** **1.** Current iterations are being accepted without a formal and methodical review of the product. This may result in defects being found and fixed at a later point as potential issues are found. **2.** Lack of a dedicated test environment will limit the exposure of the SME's with the product that is being developed. It is very important that SME's have ample time to play with the design so they may be able to refine the design as necessary. The SME's should also be encouraged to use non-industry personnel, i.e., public users to get feedback on the public facing components of the exchange. Lack of a dedicated test environment will require significant coordination with the IT testers and a reduced amount of time to access the system. **3.** (New) The continued development beyond the scheduled timeframe will encroach on SIT testing which will eventually affect UAT testing. ***Recommendations:*** **1.** Create a comprehensive test plan that outlines the strategy for iteration and UAT testing to be conducted by CO. Note: this testing should include security requirements. **2.** Confirm that a dedicated test environment will be available for CO testing, such that they have sufficient time to review the design of the system as it is being built, allow demonstrations and focus groups to view the design, train, testing, etc. **3.** Ensure that usability testing using typical users of the system is included in the testing of the Exchange on-line system. **4.** Closed.

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			5. (New) Contain the scope in I17 (April 30th) for the Oct 1st release. If an I17a or and I18 is to be added and included into the Oct 1st release it will negatively affect the schedule and potentially the quality of the release.

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SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	Cover Oregon agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue.
Business Mission and Goals	Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon policy and business operations is vital to planning operational procedures for Medicaid processing. In February, Cover Oregon formally provided specific due dates to OHA for the expectations for MMIS system interface architecture approach and delivery. OHA, DHS and Cover Oregon staff have been working together on multiple "work streams" related to Medicaid processing, with decisions coming out of those meetings and being approved by OHA, DHS and Cover Oregon leadership authorized to finalize and sign off on these decisions.
Roadmap	The current road map outlines the products, services and functionality that will be delivered in Version 1.0 of the exchange. A cross-functional team is compiling and prioritizing products and services for post-1.0 upgrades in 2014, Version 2.0 and beyond.
Scope	Cover Oregon has locked down scope as the final scope continues to be refined. Cover Oregon is currently actively managing and tracking scope through prioritization and the scope management process.
Schedule	Cover Oregon continues to work towards a comprehensive schedule as is outlined in the organization's schedule management process. New discovery will occur but Cover Oregon and HIX-IT have established adequate controls. Cover Oregon is also working closely with OHA to mitigate any possible staffing issues.
Budget	Cover Oregon is currently conducting a budget re-evaluation as we shift to a separate Oracle instance. We are in the process of negotiating contracts and working with OHA to best forecast ongoing maintenance and operational costs given this move.
Funding	MAXIMUS correctly notes that Cover Oregon has received $226 million dollars in Level 2 funding from the Federal government. Approximately $90 Million is for IT.
Board Governance	MAXIMUS correctly notes that the Executive Director and staff routinely meet with the Board and its finance committee, providing members with a variety of informational documents.
Inter-Org Coordination	Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon is vital to planning the operations for Medicaid processing. In February, Cover Oregon formally provided specific due dates to OHA business and OIS for the near term expectations for Medicaid requirements, and MMIS system interface architecture approach and delivery.
Organizational	Cover Oregon agrees that the organization is growing at a very quick pace. The organization and its staff are adapting and managing to change.

Management	
Human Resources	The current staffing strategy which includes a mix of CO and contracted staff takes into account the need to support the entire technology infrastructure - including new development and operations and maintenance. The scope of the staffing strategy takes into account the need to manage the smite stack from the hardware to application configuration and management.
Stakeholder Management	Cover Oregon continues its proactive outreach and stakeholder communication efforts.
Commun-ications	The marketing and communications teams are preparing for any changes in initial launch so that expectations can be set with stakeholders and consumers, and marketing materials are appropriate to the situation.
Project Management	Cover Oregon agrees that scope and schedule must be managed very closely through final development; Cover Oregon has made significant progress in reviewing and integrating with the HIX-IT project/product planning artifacts. Quality control of project management documentation continues to move forward with the IT Communication Plan document being updated as per findings from initial round of QC.
Contract Management	Cover Oregon utilizes a Work Breakdown Structure (WBS) to identify activities to be completed on the way to Day 1 of open enrollment. Tasks that are assigned to contractors have been identified and are being tracked, as are other resources.
Product Content	Cover Oregon continues to attend the workshops and actively escalates progress or issues as they arise. Much progress has been made to identify the security model and process. Cover Oregon is actively managing the product content through the Foundational Services summit. Scope management documentation is in process, and Cover Oregon has created and is utilizing a comprehensive change control process.
Testing	Cover Oregon created a comprehensive test plan strategy to guide testing activities across the organization and to integrate with HIT-IT testing processes. Cover Oregon has management process to manage risks associated with concurrent test and development work.

SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

	Probable/eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
	Possible/unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT			
		Low	Med	High
	High	MED		
	Med		MED	
	Low			MED

Attachment A: Detailed Security Concerns (July Findings)

Findings:

- The current Identity and Access Management (IAM aka. IDM), Single Sign On (SSO), External Self-Administered Role and Role Based Access (RBAC) strategy is not well defined and can be characterized as follows (Note: this information was identified in the recent HIX-IT Logical Structure of Account 4 Whitepaper):
  - Every user in the system will have single sign-on capability in the system. This means that individual and business functions are comingled in accounts.
  - Identify proofing approach is currently unclear. Identity proofing is required to provide assurance of non-repudiation. Identity proofing of some form will be required by the Exchange due to the nature of the environment.
  - Identity proofing is currently at the individual level only. It is unclear how an employer, broker, employee, etc., will be proofed in the system for their specialized role.
  - Internal staff roles in the system are not defined.
  - External roles are intended to be self-administered, i.e., a user can join or revoke other users into and out of their accounts.

Risks:

1. Comingling of individual and business accounts is highly unusual especially in the health insurance field. While it seems like a convenience, it may not be desirable from a user, technical, or security perspective. For example, an individual user may also be a Broker. This person may log into their account at home on their personal computer. If this computer is infected with key logger, user account login information could be compromised. A malicious user would then have access to the Brokers personal account and also their Broker account which potentially compromises other employer accounts the Broker may be attached.
2. Identity proofing can be costly and can have a customer usability impact. If the ID proofing is considered to be too cumbersome by the public it can affect the use of the Exchange by the general public.
3. Additional levels of verification may need to be exercised for different roles in the system, For example, how will a Broker prove they are a legitimate Broker in the system? Not clearly planning, defining and detailing the strategy up front can result in significant delay or work stoppage in the project due to security, usability or technical issues that will continue to pop up in the project without a proper strategy and planning effort.
4. Internal system role definition may alter the expected business workflow of Cover Oregon. Doing this work later in the development or after the system is developed can cause rework and or surprises in staff workflow.
5. External self-administered roles currently known in the industry as Enterprise Dynamic Access Control (EDAC) create additional complexity of the public user experience. These types of architectures are relatively new for public use environments and if deemed too complex and not intuitive for average users, it can result in nonuse of the Exchange by the public.
6. Exchange liability for fraudulent activity due to ineffective identity management and self-administered roles is not fully evaluated. For example, Cover Oregon may be held liable or publicly embarrassed if a person fraudulently became a broker in the system and was found to be attached to a number of large Employer accounts. These types of externally, self-

administered implementations are relatively new and fraught with risk for a known marketplace, let alone a marketplace in its infancy.

Recommendations:

1. Account comingling: Cover Oregon should find an existence proof of individual and business comingling approach in the health care field prior to implementing this strategy. If precedence is found in the market, Cover Oregon should seek out the entity and be thoroughly briefed by the entity prior to making this decision.
2. Identity proofing: Cover Oregon should understand the requirements from CMS, IRS, etc with regards to what level of ID proofing is required prior to developing the IDM strategy. For more on Federal ID proofing levels please refer to NIST 800-63.
3. Identity proofing: Identity proofing techniques are both a Business and a IT decision. Cover Oregon will ultimately need to bear the risk that the selected approach poses (legal and user acceptance). Cover Oregon should take an active role in deciding and vetting the approach with the IRS, State DOJ and potential customers of the Exchange. Again, this is the front door to the Exchange access as should be a balance between business efficiency (customer acceptance) and security.
4. Identity Proofing/verification: There may be multiple layers of Identity proofing/verification required. Some users may need to provide proof as an individual only, Broker, and / or employer/employee. Cover Oregon should clearly define the requirements to HIX-IT and expect HIX-IT to create a detailed design document for ID and account management that is vetted with Cover Oregon.
5. Internal role definition: Cover Oregon should overlay role requirements on their internal workflow diagrams to ensure these are identified early in the development process. There are a number of engineering articles on methods for diagramming these requirements.
6. External Self-Administered Roles: Research should be conducted by Cover Oregon to fully understand what the failure rates of these types of implementations from a usability perspective. An expert should be consulted to guide Cover Oregon of necessary.
7. Much greater emphasis should be placed on defining the IDM strategy for Cover Oregon.
8. Reviewing analogous IDM and External Enterprise Dynamic Access Control implementations in the market place should be conducted by Cover Oregon. A comprehensive, detailed strategy should be developed and vetted by Cover Oregon and potentially an independent expert in this field.
9. Closed
10. Where possible, full mock-ups or prototyping of the Identity proofing and external self-administered roles should be made available to the business to determine the usability impact to the customer experience prior to implementation. This determination should use market research and data to fully justify the decisions made.

Attachment B: Detailed Tracking and Reporting (August Finding)

Finding:

- The full scope of the HIX-IT development work is not fully articulated to management at Cover Oregon in a comprehensive manner. The issues are as follows:
  - There are a number of areas that need developed, including:
    - Use cases (general configuration of HIX-IT Components)
    - Interfaces to external IT Systems (approximately 60)
    - User Interface
    - Oracle Policy Automation rule development
    - Security
    - Content Management
    - Data classification and segmentation
    - Rework and refinement
  - Currently the CO Project Management is reporting the state of the 200+ use case work packages as a method of tracking project progress to Cover Oregon Management. While this is important, it only represents a portion of the overall IT development work. For example, current use case iterations being reported on may only comprise 45% of the overall IT work.
  - The current use cases that have been developed in iterations 9 through 12 are reported as "completed". According to the HIX-IT Product Planning document they are still rated as "blue" or incomplete due to the additional items identified above.

Risks:

1. Measuring Exchange Development progress via the number of use cases only will cause incorrect expectation setting and confusion on the part of Cover Oregon over the coming months.
2. Calling use cases "complete" is problematic and may cause incorrect expectation setting and confusion on the part of Cover Oregon.

Recommendations:

1. Cover Oregon should work with HIX-IT Program Management to establish a more comprehensive methodology for estimating the level of effort required for the major components of the project.
2. The estimating methodology established above should be closely monitored by Cover Oregon to determine its accuracy over the next few months.
3. Cover Oregon PM should clearly articulate, via significant development areas and metrics, the IT development work in a manner that clearly represents a more comprehensive view of the project and progress.
4. The development areas and metrics identified above should be reported to Cover Oregon's management monthly basis at a minimum.

Attachment C: Contingency Planning (September Finding)

Findings:

OHA OIS has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA has made and/or is currently making include:

1. Assuming the role of prime contractor for the overall state development effort.
2. Deploying technology that is largely new to OHA.
3. Deploying an integrated enterprise architectural vision that is largely new to OHA.
4. Deploying a new software development lifecycle (iterative) that is new to OHA.
5. Re-organizing the delivery model (centralized model) for IT projects within OHA.
6. Standing up new processes to support this new delivery model.
7. Merging the technology and business operations of three organizations (OHA, DHS and CO) and attempting to develop a "no wrong door" approach (see attachment D).

Furthermore, OIS does not have experience in estimating level of effort within the HIX-IT project team or within OIS foundational services team using a common estimation methodology. It may take several iterations to sync the methodologies when they are stood up.

A risk was raised by the Oracle development team regarding the use of a single instance of WebCenter for development. Oracle recommended that separate instances be used as the planning and coordination issues are considerable and likely will slow development. It is our understanding that a decision has been made by OIS foundational services (no written decision has been made available) to use a single instance.

Application and architecture decisions require Modernization agreement prior to implementation. The projects are on different timelines, have only partially overlapping priorities and have a different sense of urgency. See matrix below for priorities.

<table>
<tr><th></th><th></th><th></th><th></th></tr>
<tr><td>Individual Tax Credit</td><td>P3</td><td>P2</td><td>P1</td></tr>
<tr><td>SHOP Tax Credit</td><td>NA</td><td>NA</td><td>P1</td></tr>
<tr><td>MAGI (Medicaid/CHIP) eligibility, shopping and enrollment only</td><td rowspan="3">P2</td><td rowspan="3">P1</td><td>P2</td></tr>
<tr><td>Non-Magi</td><td>P3</td></tr>
<tr><td>Other Medical</td><td>NA</td></tr>
<tr><td>Non medical</td><td>P1</td><td>P4</td><td>NA</td></tr>
</table>

The OIS and HIX-IT overall governance structure as stated in the Project Charter does not appear to be functioning. This process needs to be clarified, documented and made balanced and transparent for the business, and all development teams going forward.

OIS does not appear to have formal, detailed, documented, functioning, transparent technical governance or data governance committees.

The software applications are expected to be merged for the first time towards the end of the HIX-IT project. This has never been attempted within the OHA development teams to date. The technical components of the merge are known to some degree, but how the organization will approach and deal with "collides" on a business level has never been done in OHA/Cover Oregon.

OHA must produce, sync and baseline a variety of detailed schedules (HIX-IT, Modernization, Security, MDM, Environments, OPA/application business rules, SOA, Webcenter, PeopleSoft, IVR, UI, OBIE and CO) for this project to be successful.

OHA and the HIX-IT project has slipped a number of proposed deadlines to date (see scheduling section). Cover Oregon has a schedule that is highly dependent on the HIX-IT, Modernization, and OIS foundational services schedules. And vice versa.

A number of basic project processes are not fully implemented within the OIS project structure (e.g., change control, testing, common estimation methodology, common schedule methodology, common activity diagramming methodology, etc.)

The current high level CO Timeline and the more detailed MS Project Schedule do not have specific usability testing activities identified.

Risks:

1) With the project deadline less than 1 year away and the lack of a stable and experienced organization, development and delivery teams within OHA as well as the requirements delay within CO, the probability of missing the target date is currently an issue.

Recommendations:

1. CO should prepare a number of trigger points over the remaining timeline of the project to ensure that scope is continually sized to meet the target date. For example, on November 5th 2012 OHA OIS is scheduled to deliver a detailed project schedule for the remainder of the HIX-IT project. On this date, CO should have a formal review with the OHA CIO, HIX-IT, foundational services project teams and QA to understand in detail the project approach, schedule, dependencies and issues. This information can then be utilized to gauge the progress against an internal CO confidence checklist. The objective of this review should be to determine if significant components of scope should be

deferred. Each trigger point would have a different checklist depending on where the project is on the timeline. An example of a checklist for Nov 5th could be as follows:

- Can scope be locked?
- What percent of scope is outstanding?
- Are schedules for all of the project areas complete, detailed, synced, and tracked using a common methodology?
- Are all project schedules being developed with a common estimation methodology?
- Are key dependencies identified within the schedules and are they listed for the executive management to review?
- Do the schedules have any slack in them and/or does all the scope fit within the current schedule?
- Do the schedules allow for any refinement once the system is constructed?
- Do the Oracle teams agree with the schedules?
- Have Modernization and CO documented the integration points within the application for "No Wrong Door"?
- Is the data that is to be passed from each application clearly documented?
- Is HP ALM operational?
- Are the test teams on board?
- Is there a functional, technical and data governance structure that is balanced and transparent to CO in place and operational?
- Are notes and decisions from these committees clearly documented for the development teams to build from?
- Etc.

The answers to this checklist can then determine a go/no-go for the current scope. If the decision is a no-go for the current scope, CO should have a list of predefined, prioritized and agreed to scope reduction options that can be employed immediately. Scope reduction options could be looked at from a horizontal (across all CO application components) and then, if need be, from a vertical application perspective. An example of scope reduction options could be as follows:

Scope reduction examples from a horizontal perspective:

- Reduce the complexity of the current architecture.
- Defer the merge and rebaseline of code until after go live.
- Implement separate instances of Oracle components that are dependent on interagency business integration.
- Reduce the dependency on the integration with other programs by deferring the "No Wrong Door" approach.
- Implement UI wireframes using Siebel.
- Etc.

Scope reduction examples from a vertical perspective:

1. Defer significant portions of the PeopleSoft components and process the billing manually.
2. Defer electronic plan loading from the Carriers.
3. Defer online Medicaid eligibility, plan selection and enrollment within the Exchange and process them manually.
4. Etc.

Each of these options would be pre-sized so that depending on the amount estimated schedule variance or slack desired by CO an equal amount of scope can be deferred. For example, if the schedule is off by 20% and reducing the complexity of the architecture can save 20% in the schedule then this would be employed because it is prioritized high and equals the needed time savings.

The formality of this process will give CO executive management a clear understanding of the project status and enable them to pull the appropriate levers to make the project successful at a variety points in the upcoming year.

Attachment D: "No WrongDoor" Cooperation (September Finding)

Findings:

OHA/DHS and CO have a general agreement to create a "no wrong door" approach for eligibility and enrollment for state-sponsored medical programs and commercial insurance. This requires the businesses be aligned from both the operational perspective and the informational technology perspective to create a "to-be", future business state model. This is truly a transformation to the way that health coverage is to be administered across the state. Unfortunately, there is no clear authoritative document that defines the expectations for all the programs, authority/delegated authority, governance and detailed functional roles and responsibilities.

This overall business transformational effort that is being under taken is also not currently being tracked like a formal project. Typically a project of this size would have specific governance reporting, charter, scope, tasks, milestones, deliverables, and deadlines for the interagency work that is to be accomplished both operationally and technically.

For example, technical/architectural decisions are being made that may not fully align with the intent of the CO business model. The situation is aggravated by the lack of clear and comprehensive documentation for interagency cooperation with respect to requirements, process interface points, data passing, data sharing, portal entry and exit points, identity and access management, and document sharing.

Risk:

- Lack of a clear, detailed, integrated view of "no wrong door" will hamper a smooth implementation of this vision
- Lack of clear direction, governance, and delegation of authority from the OHA, DHS and CO leadership will result in a missed opportunity to integrate the "no wrong door" approach in time for the October 2013 opening the Exchange.
- Lack of a formal structure for this interagency business project will result in open ended work that may or may not yield sufficient information in time to be incorporated into the development schedule.
- Without clear direction/requirements from the businesses, technical decisions will be made that may or may not align to the long term operational plan for the businesses. This may require rework or additional future project to realign the technical decisions being made.
- Without clear operational agreements, staff will not be efficient in executing required transitional tasks for their programs, e.g., process reengineering, job reclassification, resource plans, inter-program agreements, etc.
- Without a defined process, project, and governance transparency, QA, development, operations, and executive management in the stakeholder agencies will not be able to monitor the progress of the effort to ensure that it is implemented in a timeframe and

manner that fits the vision outlined by the Directors of OHA and DHS, the Executive Director of CO for the State of Oregon.

Recommendations:

- The Executive Directors from OHA and CO should commission the business leaders to draft a charter document for interagency transition project. An example of the makeup of a charter document may include:

- General vision of all the leaders.
- Scope, which identifies all the agency programs that are required to participate in the effort.
- Governance structure that identifies the two Executive Directors of OHA and CO as the sponsors identifies the business executive's steering committee and their responsibilities.
- Assignment of a project manager and scheduler that will produce a baseline schedule within 15 calendar days of charter implementation.
- High level deliverables, such as:
    1. All relevant agencies submit detailed information to a "no wrong door" operational and technical plan that will identify the "to-be" operational and technical requirements. This document will be required to be delivered to the steering committee no later than 45 calendar days after the project charter is released. This document should include:

1. Identification of all policy changes for each program with respect to the "no wrong door" initiative.
2. Identification of the following information about each on-line application:
    1. General screening requirements for all programs (Medicaid, QHP, etc).
    2. Detailed map of how clients will access each program through the on-line portal (client direct, community partner, navigator staff portal, etc).
    3. Specific data elements that is required for each application when they are passed from another application.
    4. Identification of a common point of transfer (after screening, after application completion, etc.)
    5. Identification of a common point of entry from a transfer (at additional screening point, selection of benefit, etc.)
3. Identification of the following information about their handling of paper and fax applications, phone/IVR applications:
    1. Identification of the agency that will handle processing of specific applications/or portions of applications.
    2. "Warm" handoff of clients that call in and require a transfer to another agency.
    3. Identification of common staffing of support and customer service centers, if required.
4. Identification of any issues, risks, barriers, roadblocks or concerns to implementing the operational and technical plan. Along with any roadblocks, barriers or concerns, the agency should propose a solution or solutions as a remedy.
5. Recommendations for the content of an integrated transition plan.
    - High-level schedule, including definition of "no wrong door" process flows and detailed requirements.

Attachment E: (Closed) Architecture Simplification (November Finding)

Findings:

1. The current architecture implementation of the ORACLE stack may not suit the operational business needs of Cover Oregon.

Background:

In the September MAXIMUS made the following statement in Attachment C of the Cover Oregon (CO) monthly report.

- Oregon Health Authority (OHA) Office Information Services (OIS) has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA have made and are currently making are as follows:
- Assuming the role of prime contractor for the overall state development effort.
- Deploying technology that is new to OHA.
- Deploying an enterprise architectural vision that is new to OHA.
- Deploying a new software development lifecycle (iterative) that is new to OHA.
- Re-organizing the delivery model (centralized model) for IT projects within OHA.
- Standing up new processes to support this new delivery model.
- Merging the technology and business operations of three organizations (OHA, DHS and Cover Oregon (CO)) and attempting to develop a "no wrong door" approach.

In general, the aggregation of the above items constitutes a very high risk for the Health Insurance Exchange ability to meet its business objectives. Two of these items are borne out of an industry belief of cost savings to an organization, items 3 and 5. This document is intended to further describe these items so that all parties have clarity of the significance of the risk taken by the State.

Definitions:

Separate instance (SI) systems – is a method of implementation where each business unit has a separate and complete technology stack for each business unit.

Global Single Instance (GSI) – is a method of implementation that consolidates common lines of business into a single instance of a technology stack from top to bottom.

Enterprise Integration Architecture (EIA) – is a method of implementation that consolidates common services of a technology stack across similar lines of business and implements separate components for less common processes. For example, security would be a shared service among all business units and the CRM module may be separate instances for each of the business units.

The proposed HIX-IT architecture is a hybrid of the GSI and the SI approaches.

General Implementation Characteristics

The Global Single Instance to the Separate Instance implementation approaches have an inverse relationship with respect to efficiency and flexibility. The GSI approach has the highest degree of efficiency with respect to licenses required and staff needed to operate and maintain the system. In the GSI approach the flexibility of the businesses to make changes and release new features is considerably curtailed because multiple business lines need to be consulted and agreement must be made on priorities among those businesses. This prioritization effort is required to utilize foundational services resources most efficiently. Conversely, the Single Instance approach has the least efficiency and greatest flexibility.

Item 3: Deploying an enterprise architectural vision that is new to OHA.

Nationally, Health and Human Services organizations have a vision of a "No Wrong Door" approach to delivering benefits to their clients. The approach is borne out of the idea that costs can be reduced and services to clients can be improved at the same time. The "No Wrong Door" approach is also required in the ACA. It is important to note that this vision is not related to the system architecture; it is merely an operational vision. Many different architectural approaches can be deployed to implement the desired "No Wrong Door" vision.

OHA/DHS (OHA) OIS is deploying a combination of ORACLE products that together will make up the Oregon OHA and CO solution. The ORACLE solution is comprised of ORACLE developed products and products merged into Oracle through company acquisitions.

OHA has decided that a Global Single Instance (GSI) Architecture approach is the desired strategy for OHA. The GSI architecture implementation is defined by have a single instance for each ORACLE Component servicing all business entities (Modernization and CO) using the system. This decision was made prior to the establishment of the Health Insurance Exchange business. The IT industry, especially ORACLE, believes that this implementation has significant cost savings via reducing the amount of licenses and support staff required to deliver the solution to the businesses.

This architecture approach is typically an evolutionary approach of organizations that currently have separate instance CRM and ERP systems for each business unit. Gartner suggests, "This is the approach (single instance) that should be considered in the integrated organization where there is a high degree of dependence and commerce among units". The degree of integration, dependency and commerce between OHA and CO is primarily in the Medicaid arena. The

commonality of the DHS/OHA and CO organizations is currently estimated to be 10% of total system Exchange volume.

A GSI implementation architecture is typically promoted for organizations that have existing separate instances as a way to save costs and improve efficiency for common business units. For example, a manufacturing company with multiple instance architecture (separate ERP or CRM systems) for existing business lines, will evolve to a single instance architecture when they have mature, common business units, that have common businesses processes.

Separate instance systems are often moved to a single instance over a significant period of time and in a serial process using simple pilot projects. This is due to significant business process reengineering and technical challenges and complexities involved in this effort.

OHA and CO business characteristics are different then what is mentioned above in a number of ways:

1. OHA and CO are separate government organizations with different business missions and goals.
2. CO is a public corporation and is governed by different rules and regulations then OHA.
3. OHA and DHS do not currently have common processes and governance structures.
4. CO is a newly formed entity with untested Greenfield processes.
5. CO and OHA have different business timelines.

OIS has also decided to implement Modernization and the Health Insurance Exchange into a single instance in a "big bang" style, i.e., OIS intends to launch the both applications simultaneously. The selection of implementation approach is a strategic decision that should be made with executive business management understanding what the technical, development, operational and maintainability risks and impacts are to the business. Forrester Research says, "that business process and applications professionals face a variety of challenges in defining the single instance and identifying an apt consolidation model and hence companies should adopt a cautious, phased consolidation strategy".

Item 5: Re-organizing the delivery model (centralized foundational services model) for IT projects within OHA.

Traditionally the development of a shared-service organization (SSO) or shared-service center (SSC) within an organization is an attempt to reduce costs and standardized processes through economies of scale and centralization. A Global Service Center Benchmark study carried out by the Shared Services & Outsourcing Network (SSON) and the Hackett Group, which surveyed more than 250 companies, found that only about a third of all participants were able to generate cost savings of 20% or greater from their SSO.

Risks:

Item 3: Deploying an enterprise architectural vision that is new to OHA.

1.) The reason for adopting the GSI architecture by OIS is primarily cost savings in licensing, operations and maintenance. However, there is no formal cost benefit analysis or return on investment models in the business case to back these assertions nor are we aware that they exist elsewhere. Without a quantifiable cost benefit analysis (CBA) or minimally a "before" and "after" analysis of the costs under both scenarios, there is insufficient data to determine that that one approach is more cost effective then the other. The lack of mature inter-agency processes and/or inter-agency planning in the following areas would seriously affect the CBA or ROI of such a business case:

- There was limited significant business process analysis and pre-planning,
- Lack of a clearly defined inter-agency "No Wrong Door" analysis. This is fundamentally the identification of a comprehensive new service delivery model.
- Lack of a common or functional governance processes,
- Limited overlap among inter-agency processes,
- Dissimilar priorities and goals among independent state agencies,
- Lack of state staff with appropriate skill sets resulting in a heavy reliance on highly paid consultants from all over the nation.

Individually, or in aggregate, these items could easily erode any expected cost savings for years to come.

2.) In addition to the above ROI/CBA factors, a Single Instance architecture approach also has a significant overhead or tax with regards to business operations that is not clearly articulated to the participating business entities. Each time a new business line is added or there is a change to the existing business processes, the Single Instance approach requires a feasibility analysis and/or a merge of the new code with the existing production code. The analysis and/or merge process looks for technical differences between the new and the production code. These technical differences often equate to differences in business operations. These differences or "collides" require the business units to resolve their operational differences prior to launch. Once the code is merged and launched, all of the existing businesses within the Single Instance receive a new release of code.

This process poses challenges in change management, downtime for patching and maintenance, upgradability and it increases the regression testing effort significantly. Legislative rule changes in healthcare or Medicaid over the next couple of years may result in a single business line significantly disrupting other lines of businesses each time changes or new rules are enacted.

Item 5: Re-organizing the delivery model (centralized foundational services model) for IT projects within OHA.

3.) OIS also uses cost reduction and standardization as their justification to implement foundational services organization. Again, there is no cost benefit analysis or return on investment models in the business case to back these assertions. Without a quantifiable model or a "before" and "after" analysis of the costs under both scenarios, it is dubious to believe that

one approach is more cost effective then the other. For example, the following items would seriously affect the CBA or ROI of such a business case:

1. no detailed strategy by OIS to move the organization to this delivery model.
2. not documenting OIS IT processes and work streams pre-implementation,
3. not focusing sufficiently on the transition period,
4. not having a robust operational transition plan clarifying employee resources,
5. lack of state staff resulting in an over reliance on a significant amount of highly paid consultants from all over the nation.
6. not having a risk management or monitoring process in place prior to implementation,
7. no proven functional or technical governance processes.

Individually, or in aggregate, these items could easily erode any expected cost savings for years to come.

Recommendation:

1.) Implementing a new Global Single Instance Architecture and a Foundational services organization requires significant inter-agency process reengineering and a major overhaul of the OIS IT department to occur simultaneously. The simultaneous execution of these initiatives introduces a compounding effect with regards to risk. Some short term risk mitigation has occurred, for example, additional ORACLE staff is being imported from around the nation to add expertise in the executive management, PMO, project management, scheduling and development areas of the organization.

In figure 1 below, a simple implementation analysis was mapped against perceived risks based on the large initiatives set in motion by OIS. This analysis shows the three implementation approaches discussed in this document and the technology characteristics relative to the business requirements and needs that can be expected from each of the approaches.

This simple analysis concludes that the EIA implementation approach may aid in reducing risk for the projects and potentially support a more flexible business environment for Cover Oregon in the foreseeable future. This risk mitigation approach of moving to an EIA implementation will potentially require an increase in upfront and O&M costs by CO.

Analysis Metrics / Implementation Approach	Technology Implementation Characteristics	Time to Market	HW/SW cost	O and M Labor Costs *	Service Delivery Complexity	Shared Services Organization Maturity Level Required	Release Flexibility	Characteristics for the Business	Business Maturity	Inter-Agency BPR Maturity	Business Flexibility		
Global Single Instance (GSI) (current OIS approach)		H	L	L	H	M to H	L		H	H	L		
Enterprise Integration Architecture (EIA)		M	M	M	M	M to H	M		M	M	M		
Separate Instance CRM systems for each business unit		L	H	H	L	L	H		M	L	H		
Risks and mitigation techniques for HIX IT													
Timebox project		X											
New Agency (HIX) with no process history							X		X	X	X		
Merging OHA/DHS and CO Businesses for Medicaid and "No-wrong-door"					X					X			
New OIS organizational service delivery model					X	X							
New SDLC approach					X								
New Technology and new implementation strategy					X								
* if sourced by state staff.													

Figure 1.

Attachment F: Risk Analysis for Security Implementation (Jan 2013 Finding)

Finding:

A formal security risk assessment has not been conducted on the following items:

1. Individual authentication and ID proofing process
2. Employer authentication and ID proofing process
3. Medicaid authentication and ID proofing process.
4. Co-mingling of business and user functions within the same user account.

The standard approach to implementing security controls is to utilize best practices as a guideline. Typically NIST 800 series documents are considered best practice guidelines and should be utilized in conjunction with other vendor best practices if available. Typically vendor best practices also rely on the NIST and other federal and industry documents and provide additional details as to how to implement specific products. The NIST documents typically will use the term guideline in their titles and will often link to other federal documents that are to be considered prior to the reading of the current document. The Office of Management and Budget (OMB) will issue circulars, bulletins and memorandums as guidance to Federal, State and Local governments.

In this area of e-authentication NIST 800-63 'Electronic Authentication Guideline' references the 5 step process from the OMB M 04-04 'E-Authentication Guidance for Federal Agencies'. Page 1 states the following:

OMB guidance outlines a 5-step process by which agencies should meet their e-authentication assurance requirements:

1. Conduct a risk assessment of the government system.
2. Map identified risks to the appropriate assurance level.
3. Select technology based on e-authentication technical guidance.
4. Validate that the implemented system has met the required assurance level.
5. Periodically reassess the information system to determine technology refresh requirements.

This document (NIST 800-63) provides guidelines for implementing the third step of the above process. After completing a risk assessment and mapping the identified risks to the required assurance level, agencies can select appropriate technology that, at a minimum, meets the technical requirements for the required level of assurance. "

Steps 1 and 2 of the 5 step process above are addressed by the OMB 04-04 document. On page 1 of the OMB M 04-04 document it states, 'This document will assist agencies in determining their e-government authentication needs. Agency business-process owners bear the primary responsibility to identify assurance levels and strategies for providing them. This

responsibility extends to electronic authentication systems." This document also states in section 4.4 "It is also important to match the required level of assurance against the cost and burden of the business, policy, and technical requirements of the chosen solution."

The HIPAA security rule, IRS 1075, NIST 800-63 and OMB 4-4 all recommend a risk analysis as a key part of the process for designing security controls for a government agency.

In general, a good risk analysis not only includes the probability of threats and vulnerabilities from the security perspective, it also includes the burden (cost, complexity and usability) to the business of implementing the recommended security control. It must do this because some security controls may be too costly or too complex for the agency or the public for which they serve.

Risk:

- Enrollment rates and brand perception can be affected by an exchange user experience that is considered too complex or difficult.
- Without a proper risk analysis by a skilled security professional (inclusive of business risks) OHA and CO will be at odds as to what are the technical risks are and how they are balanced against the business requirements.
- The business and technical side, given deadline pressure, will indicate that it is too late for a proper risk analysis and that the project must accept where it is and move forward anyway. This may be true, however, this issue will plague the business for years to come either by reduced online enrollees or by being compromised by malicious actors.
- Both sides (technical and business) will state that it is too late to conduct the risk analysis. This may be true for the April 30th deadline, however, if the initial system proves to be too cumbersome to navigate during usability testing or to easy to compromise, a system retool may be necessary prior to Oct 1 launch. Without a proper risk analysis the retool runs the risk reopening the debate between technical and business groups and/or of moving the system to the other extreme.
- Without a balanced risk analysis the system design at launch will be dictated by the loudest voices, fear, uncertainty and doubt arguments from both sides of the issue. Typically the technical groups will err on the side of too much security and the business will err on the side of too little security. Both conditions are problematic.
- Without a firm foundation on the true technical risks the security and business groups will be at odds with each other and with CMS and IRS in the future. Lack of foundational analysis will set the stage for a constant rehash of the issues.
- The State of Oregon was given an "Early Innovator Grant" with the understanding that new ground will be broken in many areas. The Federal government expects to be challenged and also to learn from the experiences of the innovator States. These experiences help to shape policy, best practices or federal guidance. The security issues above are very good examples of a new area that will benefit from thoughtful analysis that can be shared with the Federal government and other states going forward.

Recommendation:

- Request a formal report from the Federal entities on their risk analysis that supports any position they may currently have. Have this report reviewed by an outside security firm that is skilled in balancing security and usability for government and ecommerce systems.
- (In process) Hire a national security firm to conduct research and a security risk analysis that is limited to the scope of the items identified in the findings above. This analysis can then be used to adjust the system security controls prior to, or after the launch if required.
- Release the research and security risk analysis results to CMS and other states as a model of how to balance security and usability for Health Insurance Exchanges going forward.

Attachment G: Scope Management and Product delivery (Feb 2013 Finding)

Cover Oregon Response Summary:

Cover Oregon has deployed a business-driven Scope Management process that supplements original scope management work that began in August 2012. The basic process includes:

- A recurring meeting that includes a cross-organizational team of executives and decision makers.
- An information-based approach that considers mitigation opportunities through: (1) reducing/delaying scope; (2) increasing development capacity, and; (3) expanding the development timeline.
- A regular update and evaluation of scope delivery metrics that allows immediate adjustments and additional actions to be taken.

The results of this process have been positive. The team realizes that there is still considerable risk that must be managed. The following changes have occurred so far:

- Technical interfaces have been reduced from 62 to 39 -- a 37% reduction in interface scope.
- At-risk Medicaid data exchange scope has been managed through communication of a "must have" 4/1 date for completion with planned work-around by Cover Oregon if not delivered. Expectations for what will be delivered on 4/1 were clearly articulated to OHA partners.
- Less than 2 months ago, Maximus estimated that the functional scope was 5 months behind with development work (including merge and rebase; the most recent estimate is approximately 30 days.
- Foundational services scope, while still a struggle for Cover Oregon to affect within OHA/OIS, has seen progress and is now integrated into the functional scope dependencies and management process.

In addition to the work mentioned above, other practices have been deployed to expedite scope issue resolution and decision-making. A 3 x weekly "Scrum" call provides cross-functional issue resolution and tracking with the JIRA system. Most recently, a 3x weekly Development Blocker Resolution meeting was deployed and deemed successful by all involved. Cover Oregon has carefully considered the input provided by Maximus and remains open and attentive to the high quality assistance that has been provided on this project. Cover Oregon also realizes that continued focus must be applied to scope management to navigate toward a successful 10/1/2013 launch date.

Findings (at the time of writing March 10, 2013):
(Note: all items below in blue are CO responses)

- CO and HIX-IT has identified ~135 use cases that will need work/development in Iteration 17 (I17), slated for March 1st to May 1st. The 135 are categorized as follows:
    - 29 use cases are expected to be carried over from I16 for additional work based on dependency's to be completed in I17, i.e., interfaces, MDM, etc.

- 24 use cases are considered updates from previous iterations.
- 79 use cases are considered new use cases
- 3 Use cases are TBD

- The CO scope strategy is to do the following:
  1. Have ORACLE give a preliminary (swag) Level of Effort (LOE), i.e. man hours for the ~135 use cases identified for Iteration 17 (I17) slated for March 1 to Apr 30th .

  34 use cases were carried over from I-16 work not completed not 29 use case
  34 use cases are considered updates from previous iterations
  67 use cases are considered new use cases
  4 use cases were not labeled out of the 139 total use cases in I-17

- **Oracle has provided Cover Oregon a preliminary level of effort (LOE) to provide some rough order of magnitude estimate of scope issue; more refined LOE estimates were planned and have been delivered by Oracle.**

  2. As part of this process CO wants ORACLE to identify where increasing capacity (development resources) can increase the through put of use cases. Oracle has been authorized to add 21 resources by OHA.

- **Oracle has received approval to onboard 29 resources. As of mid-March all but 3 resources have been on-boarded. Per Oracle, the onboarding build-up was considered in their capacity estimates that were delivered. All roles reviewed and approved by the State.**

  3. CO will then make cuts based on what ORACLE says their swag LOE is and proposed capacity estimates can be for I17. Note: This still may require an additional iteration or iteration subset to complete, i.e., 1 to 2 more months; this additional iteration subset is currently being called I17a.

- **Cover Oregon reviewed and modified the Oracle proposed scope management plan based on business need; Maximus has participated in the scope management meetings and was aware of this approach. It was not a one-time-only event based on initial estimates.**

- Mapping the previous, current (planned) and outstand use cases per iteration produced the following :
  - I14 41 use cases
  - I15 48 use cases
  - I16 62 use cases (planned)
  - I17 135 use cases (outstanding)

- CO currently views it's the organization as centered around two core lines of business (individual and SHOP) The CO organization is loosely organized around these vertical lines of business.

- **Cover Oregon understands the various lines of "vertical" business and has organized much of their business and technical delivery by separate business lines. Maximus's opinion of how Cover Oregon views as their business is speculative and misrepresents how the project is organized and executed.**

Risks:

1. Without a more vertical view of the service lines and functional components of the Exchange it will be difficult for Management to coordinate the delivery of the exchange releases and focus future development and enhancements around specific target metrics. The current cross functional management of the development, operations, delivery and marketing make it extremely challenging to ensure that all components are "linked and synced" for delivery. Typically, in the private sector, service lines/products are looked at from a vertical perspective and each vertical lines of business will have aLine Manager. The Line Manager typically "owns" the product in the sense that he/she is responsible for delivering the product from a Product Development Lifecycle (PDLC) perspective. A typical PDLC starts with conception and ends with the retirement of the product or service. For example, a typical PDLC may include conception, requirements gathering, market research, feature development, testing, delivery, upgrades, revenue and budget management, operations and maintenance, and finally product retirement. A Line Manager is typically matrix function across these functional areas to ensure that all components are properly coordinated for successful launch and operation of the service or product.

- **Having a fully vertical model versus a more general model is a decision made by organizations and characterizing it as "typical" is not accurate. This model could be problematic as a new company such as Cover Oregon establishes itself. Recommending that Cover Oregon immediately integrate into a hard vertical organization structure could be disadvantageous for a company that is still constructing its initial business.**

2. Without a more integrated vertical view of the Exchange, Management may be in a position whereby they can only do a wholesale push of the delivery date in some incremental fashion (week, month or iteration). Typically, these types of launch slip decisions are based on limited information and subsequent slips tend to happen.

- **Cover Oregon is working toward a 10/1/2013 go-live date. This date is federally mandated for both SHOP and Individual lines of business. Unlike in other typical internal IT projects, date slippage is not an option for Cover Oregon. This hard date is a key driver in the scope management process.**

Further, wholesale schedule slips may result in a throttling of marketing to the public, i.e., if the delivery date messaging has to adapt to the continued slips in the launch of the system the organization will become reticent on aggressively marketing the Exchange in the midst of negative publicity. If the organization begins to throttle the messaging it can potentially negatively affect the pre-enrollment numbers (domino affect).

3. The outstanding use cases currently out weight the previous iterations by more than twice. Continued technical analysis will produce more accuracy and precision as time passes, however, the widow is limited and the longer the analysis takes the less time will be available for the business to make strategic decisions other than doing a wholesale delay of the launch.

- **The Scope Management team is receiving a weekly update of user case development progress providing the Cover Oregon executive team to make quick analysis and adjustments as necessary. Cover Oregon, working with Oracle and HIX IT, is using information to guide its decisions.**

4. Performance for past iterations is not relevant for the I17 iteration. For example, the previous iterations have always had the luxury of a follow on iteration. In previous iterations, issues or incomplete items could be rolled forward into the next iteration, so the complexity of the use cases that are "carryover" or "updates" will probably be increased for I17. In addition, the final Iteration will require the connection of use cases to the Foundational Services components.

- **Stating that something "may or may not happen" is a safe bet for anything that has not already occurred. Lessons learned from I-15 and I-16 are expected to be valuable in estimate I-17 performance. Unlike in past iterations, weekly updates to progress are provided and monitored at the scope management meetings.**

5. The scope reduction strategy of trimming all service offerings (Individual, SHOP and Medicaid) of functionality equally (generally) may result the quality of the exchange experience and functionality being diminished across the entire site.

- **Cover Oregon is focused on mandatory scope that delivers a solid user experience. Cover Oregon has also begun its "Version 1.x" and "Version 2.0" and beyond process to begin developing its post 10/1 product implementation strategy.**

6. The current scope management strategy being employed is a technical based approach which leads with technology and capacity instead of a business based approach. Having one without the other is an incomplete risk assessment process. This strategy is considered back loaded because the hard business decisions are to be made once the technical analysis is available, i.e., toward the end of the final iteration.

- **Cover Oregon is driving the Scope Management process while including Oracle and HIX-IT/OHA in the discussion to best understand the impact of its decision. Based on**

this information, Oracle provided a straw man proposal that Cover Oregon modified to best fit its business need.

7. The current scope management strategy does not take into account the work that is currently happening in operations and how operations will need to adjust to any significant last minute changes in scope. Operations will have to react to the late scope deferment decision, which may happen after they have resourced and planned their processes. They (Operations) will have to potentially re-resource and re-plan just prior to their training.

- **The scope management team includes the Cover Oregon Chief Operating Officer. The Operations team is made aware of scope issues on a weekly basis at the Matrix team meetings. Based on best-known information, the CCO makes needed decisions with full input to the Scope Management team.**

8. Detailed LOE estimates will be difficult until late in the iteration. Most likely, Oracle will find the average LOE from the previous iterations for use cases and apply them to all use cases in I17 for the initial swag estimate. This swag will provide some information, however, it will not be as precise as CO would like and may lead CO to falsely assume that all work can be accomplished.

- **Based on review of delivered use cases and UI, Oracle delivered revised LOE and Capacity estimates to Cover Oregon on Tuesday, March 12, versus late in the iteration as suggested by Maximus.**

9. In addition to the above, CO has only asked ORACLE HIX-IT development team for LOE and not OHA/OIS Foundational Services. So the LOE that will be given will be void of important dependency information. OHA Foundational Services is a significant risk factor given the lack of transparency, schedule and communications from these groups.

- **LOE and Capacity estimated from Foundational Services (FS) are not available at this time due to the lack of information available within this scope area that resides within OIS/OHA. FS was invited to participate as part of the scope management team and CO scope management will encourage delivery of its LOC and Capacity as soon as it is available.**

10. The capacity increase provided by ORACLE will also take time, for example it will most likely take 30 days to have resources on the ground from when an authorization is approved. It will also take the resource once on the ground, a minimum of a week to get up to speed. This would mean that the new resource would then only be effective for 6 of the 8 weeks of I17.

- **Oracle received approval to onboard 29 additional resources. Onboarding began in February with the majority of the resources on-boarded by the week of March 25th. Per Oracle, the onboarding build up process was considered in the capacity estimates it delivered to Cover Oregon.**

11. OHA business is a dependency for a significant portion of the CO Medicaid business line. The assumption is that keeping Medicaid in scope for Release 1 with scope reductions on all of the business line (Individual and SHOP) that CO will get the Medicaid piece. The risk with this logic is that the CO Medicaid business line is fully dependent on OHA Medicaid business and IT which have a different delivery schedule.

- **Cover Oregon sent an email to the OHA Director stating its concern with lack of progress on the Medicaid scope delivery. Since that letter was sent, a meeting occurred that outlined a Cover Oregon acceptable solution that is on track for delivery by 4/1. Cover Oregon confirmed that it can go live on 10/1/2013 with the interim solution with little quality risk.**

12. Reliance on an additional iteration (I17a) to be "squeezed" in for the Oct 1 is problematic. Development delivered past the I17 (April 30th) deadline will begin to encroach on a reduced (tight) testing period for the Exchange. Trying to include another iteration (I17a) for the Oct 1 release is risky given the already compressed testing window. Employing this type of strategy with immature organizations (CO and OHA) is very risky. This type of uncertainty of the final operational environment can negatively affect operations, training, marketing, and deployment schedules, further increasing the risk for a low quality launch.

- **Cover Oregon, with input from the scope management team, is managing this period carefully and prioritizing work in this area.**

13. Deferring scope and finalizing development in I17 will still leave the schedule tight. It is considered a high risk to plan tight timeframes with such immature organizations. Without ample slack in the schedule, CO may have to continually adjust their messaging and communications to update their final progress when deadlines slip.

As is discussed daily on the project, the schedule is very tight and risky. Even with finalizing development by 4/30, there is still overlap between SIT, UAT and Performance testing. CO is confused by any mention of "ample slack" in the schedule since the 10/1/2013 date has been seen as overly aggressive and unreasonable for an extended period. The highly aggressive schedule has been recognized by the LFO and reported by the LFO to the Legislature as unreasonable. CO is managing scope to implement its mandates and mitigating risks when possible.

14. The system will be available for end-to-end viewing with the security enabled for the first time at the end of I17 as the testing phase begins (May 1). This first view of the complete system will most likely need significant tweaks and potentially, substantial rework. The developers will be focused on these items for quick turnaround. Including a I17a Iteration with the expectation it will be released on Oct 1 will further exacerbate this stressful and compressed schedule.

- **The Oracle development team has been increased for additional work. This capacity increase accounts for development staff to work defects that are uncovered during testing.**

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Recommendations:

1. As the Organization matures CO should consider further vertical integration of the Exchange Lines of Business (LOB)by establishing Line Managers that are responsible for the PDLC for their respective areas, roadmap prioritization and meeting target metrics and business objectives.

This deeper vertical view of the exchange will also assist with product and feature prioritization for subsequent releases of the Exchange and .

- **Cover Oregon will take this recommendation into consideration given the feedback provided above.**

2. Using a business risk based approach coupled with an LoB view of the Exchange, alternate or enhanced strategy's for scope reduction can be developed. Example risk factors could be:

- Legal compliance
- Political (National and State)
- Business priorities (Individual, SHOP, Medicaid, Agents, Community Partners)
- Quality (Overall, Individual, SHOP, Medicaid, Customer Service)
- Enrollment Numbers (Individual v. SHOP v. Medicaid)
- Priorities within the business line and Customer Service
- Dependencies (OHA, Foundational services, Carriers, etc.)

a). A test can then be set up by the business to aid in strategic decision making, in parallel to the LOE estimates being created by ORACLE. As an example each business line (Individual, SHOP and Medicaid) and functional areas (Community Partners, Agents, Customer Service) can run through a simple priority test to determine their ranking relative to each other.

1. Does CO think this line of business or functional component to be a CORE compliance item for Oct 1st? (worst to best rating 1,2,3 etc) An example of this would be payment. Is payment required to be delivered in the pre-enrollment period?

2. Does CO think they can weather the political implications of not deploying this line of business or functional component in an automated fashion on Oct 1 nationally? (worst to best rating 1,2,3 etc)

3. Can CO weather the political implications of not deploying this line of business or functional component in an automated fashion on Oct 1 on a state level? (worst to best rating 1,2,3 etc)

4. Does CO deem this line of business or functional component a core automated component of the exchange (Business priorities)? This can be weighted by any number

of metrics, for example, revenue, mission, enrollment, etc. and each can be assigned a priority 1,2, 3, 4, etc.

5. Is this line of business or functional component dependent on areas or groups outside of the control of CO? (least to most rating 1,2,3 etc)

In the above example, items with the lower scores would be the highest priority business lines and functional components.

Note: one way to make this analysis extremely effective is to not allow any answer to be rated the same across the lines of business or functional components. For example, in question 1, none of the lines of business can have the same rating, i.e. 3 lines of business, 3 distinct rating values (1,2 and 3). This "rack and stack" methodology is difficult to do, but can give a very clear and sometimes a surprising picture of the business priorities. In addition, the teams should be encouraged to challenge any and all assumptions in the process. Typically, doing this will provide new insight and thinking on how problems are perceived and dealt with.

b). Once the lines of business or functional components are prioritized, an analysis can be made within each line of business of the key functionality in a similar manner.

This information can then be matched against development capacity and be used to plan what functionality should made manual (workaround) until an automated solution is available or deferred until a later date. See figure 1. for a rudimentary feature release product plan.

- **Cover Oregon will take this recommendation into consideration given its feedback noted above.**

Sorted by Line of Business (LOB)

LOB		Browse	Select	Medicaid Check	Medicaid Eligible	Medicaid Enrollment	Submit application	Payment		Security	Financial	Customer Service	Community Partner	Agent\ Broker	I17	Rel 1	I18	Rel2	I19	Rel 3	I20	Rel 4	I21	Rel 5
															30-Apr	1-Sep	30-May	1-Oct	30-Jun	1-Nov	30-Jul	1-Dec	1-Aug	1-Jan
LOB 1	Individual No TC																							
	Individual No TC																							
	Individual TC																							
	Individual TC																							
	Individual TC																							
LOB 2	Shop No TC																							
	Shop No TC																							
LOB 3	Individual Medicaid																							
	Individual Medicaid																							
			Automated																					
			Contigency Plan																					
			Development iteration																					
			Corresponding Release																					

Sorted by Release Date

LOB		Browse	Select	Medicaid Check	Medicaid Eligible	Medicaid Enrollment	Submit application	Payment		Security	Financial	Customer Service	Community Partner	Agent\ Broker	I17	Rel 1	I18	Rel2	I19	Rel 3	I20	Rel 4	I21	Rel 5
															30-Apr	1-Sep	30-May	1-Oct	30-Jun	1-Nov	30-Jul	1-Dec	1-Aug	1-Jan
LoB 1	Individual No TC																							
LoB 2	Shop No TC																							
LoB 1	Individual TC																							
LoB 1	Individual TC																							
LoB 1	Individual No TC																							
LoB 1	Individual TC																							
LoB 2	Shop No TC																							
LoB 3	Individual Medicaid																							
LoB 3	Individual Medicaid																							
			Automated																					
			Contigency Plan																					
			Development iteration																					
			Corresponding Release																					

3. For all functionality that is not under the control of CO, a contingency plan and trigger date should be established. For example, the CMS hub interface for user identity validation is not fully defined and does not have a delivery date from CMS. CO should identify the last point in time this interface can be reasonably delivered for inclusion into the Oct 1st release.

- **Cover Oregon will consider this recommendation.**

4. There will be more that 17 Iterations in the life of the Exchange. However, not all iterations will be directly linked to the Oct 1 release date for all LoB's. Typically, in mature and disciplined organizations, a single iteration or groups of iterations are assigned to a specific release. For example, in the case of the Exchange, Iteration 17 would be linked to the first release of the Exchange (Oct 1). A follow on iteration (18) could be linked to the next release in either Nov or Dec. Then iteration 19 could be linked to the next release in Jan or Feb of 2014, etc. This cycle is expected and to halt development on Iteration 17 and or to create a 17a for inclusion in the Oct 1st release is unrealistic, confusing and counter-productive.

- **See feedback provided above by Cover Oregon. Cover Oregon is currently building a process for future minor and major production releases.**



Oregon Health Insurance Exchange Corporation (ORHIX) / Cover Oregon (CO) Monthly Quality Status Report

March 2013

Deliverable #2.3.i

Draft

Dated: April 17, 2013

TABLE OF CONTENTS

GOV_HR00045795

SECTION 1: Introduction

Cover Oregon (CO) recognizes the value of an independent, third-party formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

1 **Initial Risk Assessment** - identification of initial risks facing CO
2 **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
3 **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of March, 2013. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.

Since July 2011, the Oregon Health Authority (OHA) has led the design and implementation of the Health Insurance Exchange – Information Technology (HIX-IT) solution, building upon the Oracle products and Enterprise architecture envisioned by the State of Oregon.

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SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. In other words, progress in some areas since last month is offset by the fact that there is one less month until the federally mandated deadlines. Additionally, each rating category will carry a different relative weight when assessing the overall risk level of the effort. For example, while 11 out of 16 Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule", and "Inter-Org Coordination" remain high (red), which drives the overall high (red) risk assessment. The Quality Rating Category of "Testing" was also elevated from yellow to red during this period.

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally. For example, in order to meet the federal requirement that the Exchange be up and running by January 1, 2014, the system must be completed and ready to accept enrollments by October 2013. This is clearly a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is evolving rapidly and is dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of March, including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO continues to make positive and significant progress towards the launch of the Oregon Health Insurance Exchange. The organization has and continues to demonstrate flexibility and creativity in dealing with this complex and evolving landscape.
-
- CO has engaged ORACLE is contract negotiations with respect to hardware/software and services required to operate their own instance of the ORACLE solution set.
- CO continues to identify risks and issues and is attempting to proactively mitigate these risks so as to continue progress toward its mission.

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The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

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Table 1: Summary Quality Standards Scorecard

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Quality Rating Category	QA Risk Level	Priority QA Recommendations	CO Risk Level	CO Response
OVERALL HEALTH	[redacted]	• See below for specific priority recommendations. • Continue to review, update, and track all outstanding quality risks and recommendations.	[redacted]	• Cover Oregon agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue.
Business Mission and Goals	***Med***	• CO is creating a Launch Plan, This effort is intended to synchronize the development, business operations and marketing efforts for the initial launch. • • MAXIMUS recommends that CO formally articulate the dates with OHA and DHS business units as to when the window for automation and operational changes will be closed for this release with respect to Medicaid.		• The Go-Live Launch plan is being developed. • Cover Oregon is working closely with OHA to clarify dates and expectations. OHA and Cover Oregon leadership are working together to resolve the Medicaid scope issue.
Roadmap	***Med***	• • The roadmap for the first release will be in flux until scope sizing is completed. This work is expected to continue into the final iteration.		• Cover Oregon agrees with finding. The list of open issue is shrinking rapidly.
Scope	[redacted]	• See attachment G. • The Scope for the first release will be in flux until scope sizing and dependency identification and prioritization is complete. • CO should establish formal trigger points for OHA Medicaid system development and business units and these trigger points should be communicated to the OHA staff and Director to ensure the appropriate focus applied to meet the deadlines for the project. See Att C and G.	[redacted]	• Cover Oregon has specifically responded to attachment "G" in the body of the report. • Remaining open issues are being resolved. • Agree and have communicated to both OHA leadership and OIS.
Schedule	[redacted]	• Continue working towards a comprehensive integrated schedule for HIX-IT and OIS foundational services. • Develop and publish schedule variance reports for all three schedule components (HIX-IT, FS and CO). • Continue to identify project dependencies and critical paths.	[redacted]	• Schedule is continually updated and refined as needed. • Agreed. Cover Oregon schedule variance reports will be produced in May • Agreed, this is occurring.
Budget	***Med***	• Update the budget to reflect the new multi-instance architecture and organizational costs for CO.	[redacted]	• In March, CO re-allocated IT funds based on architectural and organizational changes.
[redacted]	[redacted]	• CO has secured $226 million	[redacted]	• Agree – occurred in

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Table 2: QA Risk Level Tracking

Quality Rating Category	*June '12*	*July '12*	*Aug '12*	*Sept '12*	*Oct '12*	*Nov '12*	*Dec '12*	*Jan '13*	*Feb '13*	*Mar '13*
OVERALL HEALTH										
Business Mission and Goals				M	M	M	M	M	M	M
Roadmap			M	M	M	M	M	M	M	M
Scope										
Schedule										
Budget	M	M	M	M	M	M	M	M	M	M
Funding	M	M	M	M	M	M	M			
Board Governance	M	M	M	M						
Inter-Org Coordination										
Organizational Management	M	M	M	M	M					
Human Resources	M	M	M	M	M	M	M	M	M	M
Stakeholder Management	M	M								
Communication	M	M	M	M	M					
Project Management				M	M	M	M	M	M	M
Contract Management	M	M	M	M	M	M	M	M	M	M
Product Content	M									
Testing				M	M	M	M	M		

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SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of March, 2013.

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Section 4: Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. At the client's request, unique numbering has been introduced for both risks and recommendations, to assist in tracking. For example, risks in the Business Mission and Goals section of the report can be identified as Risk-BMG-1, Risk-BMG-2, etc. Recommendations can be similarly, uniquely identified. The integrity of the numbering will be preserved during future reports.

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Table 3: Detailed Quality Standards Scorecard

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	Quality Rating Category	Feb 2013	Mar 2013	Risk Assessment Finding, Risks, and Recommendations
O M	**Business Mission and Goals (BMG)**	**Med**	**Med**	
				Findings During Period: • CO is creating a Business Operations Plan now referred to as the Launch Plan. This document is expected to further detail the various exchange functions and plans for the first release of the exchange. A draft outline of the Business Operations Plan was completed in Feb and is being utilized as a source for the Launch Plan • The business mission and goals between OHA OIS and CO are not fully aligned with respect to Medicaid. Work is being done in this area, however, the cultures and timelines are different. CO has formally notified OHA OIS of their expectations, trigger events and dates they will use to determine if a contingency plan must be implemented for the Oct 1st release. ***Risks:*** 1. Without a sufficiently detailed enrollment modeling and financial information in Business Plan CO may set the wrong expectations with the Board and various stakeholders. 2. Without clear understanding, communication and alignment of the deadlines and priorities for the Oct 2013 release between the business units (CO, OHA) may result in delayed launch for Medicaid. 3. (New) Without a detailed launch plan, coordination of IT, OPS and Marketing may not be in alignment. ***Recommendations:*** 1. Closed. 2. Closed. 3. (In process) Utilize updated business market data, potentially from Wakely Group and other states for Medicaid enrollee projections. Use this to enhance the Business Plan document with more detailed analysis. 4. (In process) Update the detailed business model for the Exchange. Document in detail all relevant assumptions, risks, constraints and contingency plans. Update in detail, all revenue projections with justification of why they are valid. Update, in detail all costs with justification of their validity. This information should be used to model and determine long-term sustainability in a variety of circumstances. This information should be appended to the updated Business Plan. This plan should include Medicaid "take rates" for the electronic exchange, as well as references to source materials. 5. Clearly identify the business roadmap and ensure that it is connected with the business modeling and Business Plan. 6. Closed. 7. Closed. 8. Closed 9. Carefully consider all, recent participation rate information.
	Roadmap (RM)	**Med**	**Med**	
cc				***Findings During Period:*** • A general road map has been defined that goes until 2016. Currently there is no process for determining what features are considered priority for future releases. • The roadmap for the first release will be in flux until all dependencies and development efforts are sized. Scope sizing is expected to be completed for the Oct 2013 through the early part of May. ***Risks:*** 1. Without a clear, comprehensive, and authoritative description of the Exchange roadmap, the project will

SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	Cover Oregon agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue.
Business Mission and Goals	The Go-Live Launch team has been established and the plan is being developed. Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon policy and business operations is vital to planning operational procedures for Medicaid processing. Cover Oregon is working closely with OHA to clarify dates and expectations. OHA and Cover Oregon leadership are working together to resolve the Medicaid scope issue. OHA, DHS and Cover Oregon staff have been working together on multiple "work streams" related to Medicaid processing, with decisions coming out of those meetings and being approved by OHA, DHS and Cover Oregon leadership authorized to finalize and sign off on these decisions. The launch plan is being developed to ensure successful day 1 (10/1/13) operation.
Roadmap	The current road map outlines the products, services and functionality that will be delivered in Version 1.0 of the exchange. A cross-functional team is compiling and prioritizing products and services for post-1.0 upgrades in 2014, Version 2.0 and beyond. This work is based on a formal process for determining priority functionality and scope.
Scope	Cover Oregon has specifically responded to attachment "G" in the body of the report. Cover Oregon continues to work with OHA leadership and OIS to communicate expectations and resolve outstanding issues. Remaining open scope issues are being resolved through the change management and development "blocker" resolution processes.
Schedule	Cover Oregon continues to build and update a comprehensive schedule as is outlined in the organization's schedule management process. New discovery will occur but Cover Oregon and HIX-IT have established adequate controls. Cover Oregon is also working closely with OHA to identify and mitigate project dependencies.
Budget	In March, Cover Oregon re-allocated funds based on the shift to a separate Oracle instance. Funds already allocated to IT were moved, so that they would fund contracts directly rather than support OHA's contracts. Cover Oregon signed contracts and is working with OHA to best forecast ongoing maintenance and operational costs given this move.
Funding	In February 2013, Cover Oregon received Federal approval of its $226 million Level 2 funding request. Approximately $90 Million is for IT.
Board Governance	MAXIMUS correctly notes that the Executive Director and staff routinely meet with the Board and its finance committee, providing members with a variety of informational documents.
Inter-Org Coordination	Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon is vital to planning the operations for Medicaid processing. Cover Oregon has formally provided specific due dates to OHA business and OIS for the near term expectations for Medicaid requirements, and MMIS system interface architecture approach and delivery. In March and

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	April, Cover Oregon worked closely with OHA leadership to resolve outstanding issues.
Organizational Management	Cover Oregon agrees that the organization is growing at a very quick pace. The organization and its staff are adapting and managing to change.
Human Resources	The current staffing strategy includes a mix of CO and contracted staff and takes into account the need to support the entire technology infrastructure - including new development and operations and maintenance. The scope of the staffing strategy takes into account the need to manage from the hardware to application configuration and management.
Stakeholder Management	Cover Oregon continues its proactive outreach and stakeholder communication efforts.
Commun-ications	The marketing and communications teams are preparing for any changes in initial launch so that expectations can be set with stakeholders and consumers, and marketing materials are appropriate to the situation.
Project Management	Cover Oregon agrees that scope and schedule must be managed very closely through final development; Cover Oregon has made significant progress in reviewing and integrating with the HIX-IT project/product planning artifacts.
Contract Management	Cover Oregon utilizes a Work Breakdown Structure (WBS) to identify activities to be completed on the way to Day 1 of open enrollment. Tasks that are assigned to contractors have been identified and are being tracked, as are other resources.
Product Content	Cover Oregon is working with HIX IT and OHA leadership to manage content and is escalating issues as they arise. Much progress has been made to nail down security and operational processes. Cover Oregon is actively managing the product content through the Foundational Services summit meetings, which include OIS leadership and project management staff. Scope management is ongoing and based on an established process between Cover Oregon leadership, Oracle and HIX IT PM. Put plans in place to implement harmonized security framework. SOW for security review and recommendation was completed in March.
Testing	Cover Oregon has added a testing consultant from Oracle who has been highly effective. Cover Oregon created a comprehensive test plan strategy to guide testing activities across the organization and to integrate with HIT-IT testing processes. Cover Oregon has management process to manage risks associated with concurrent test and development work. Cover Oregon recognizes that an additional iteration is required. Development has been sequenced to allow for back office configuration while customer-facing technology is tested. Cover Oregon will ensure any overlap is tightly managed and will coordinate testing using a risk-based approach. This will ensure the highest level of product quality in priority areas.

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SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

[redacted]	Probable/eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
[redacted]	Possible/unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

[redacted]	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
[redacted]	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT			
		Low	Med	High
	High	MED	[redacted]	[redacted]
	Med	[redacted]	MED	[redacted]
	Low	[redacted]	[redacted]	MED

Att A: Detailed Security Concerns (July 2012 Findings)

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Findings:

- The current Identity and Access Management (IAM aka. IDM), Single Sign On (SSO), External Self-Administered Role and Role Based Access (RBAC) strategy is not well defined and can be characterized as follows (Note: this information was identified in the recent HIX-IT Logical Structure of Account 4 Whitepaper):
  - Every user in the system will have single sign-on capability in the system. This means that individual and business functions are comingled in accounts.
  - Identify proofing approach is currently unclear. Identity proofing is required to provide assurance of non-repudiation. Identity proofing of some form will be required by the Exchange due to the nature of the environment.
  - Identity proofing is currently at the individual level only. It is unclear how an employer, broker, employee, etc., will be proofed in the system for their specialized role.
  - Internal staff roles in the system are not defined.
  - External roles are intended to be self-administered, i.e., a user can join or revoke other users into and out of their accounts.

Risks:

1. Comingling of individual and business accounts is highly unusual especially in the health insurance field. While it seems like a convenience, it may not be desirable from a user, technical, or security perspective. For example, an individual user may also be a Broker. This person may log into their account at home on their personal computer. If this computer is infected with key logger, user account login information could be compromised. A malicious user would then have access to the Brokers personal account and also their Broker account which potentially compromises other employer accounts the Broker may be attached.
2. Identity proofing can be costly and can have a customer usability impact. If the ID proofing is considered to be too cumbersome by the public it can affect the use of the Exchange by the general public.
3. Additional levels of verification may need to be exercised for different roles in the system, For example, how will a Broker prove they are a legitimate Broker in the system? Not clearly planning, defining and detailing the strategy up front can result in significant delay or work stoppage in the project due to security, usability or technical issues that will continue to pop up in the project without a proper strategy and planning effort.
4. Internal system role definition may alter the expected business workflow of Cover Oregon. Doing this work later in the development or after the system is developed can cause rework and or surprises in staff workflow.
5. External self-administered roles currently known in the industry as Enterprise Dynamic Access Control (EDAC) create additional complexity of the public user experience. These types of architectures are relatively new for public use environments and if deemed too complex and not intuitive for average users, it can result in nonuse of the Exchange by the public.
6. Exchange liability for fraudulent activity due to ineffective identity management and self-administered roles is not fully evaluated. For example, Cover Oregon may be held liable or publicly embarrassed if a person fraudulently became a broker in the system and was found to be attached to a number of large Employer accounts. These types of externally, self-administered implementations are relatively new and fraught with risk for a known marketplace, let alone a marketplace in its infancy.

Recommendations:

1 Account comingling: Cover Oregon should find an existence proof of individual and business comingling approach in the health care field prior to implementing this strategy. If precedence is found in the market, Cover Oregon should seek out the entity and be thoroughly briefed by the entity prior to making this decision.

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2	Identity proofing: Cover Oregon should understand the requirements from CMS, IRS, etc with regards to what level of ID proofing is required prior to developing the IDM strategy. For more on Federal ID proofing levels please refer to NIST 800-63.
3	Identity proofing: Identity proofing techniques are both a Business and a IT decision. Cover Oregon will ultimately need to bear the risk that the selected approach poses (legal and user acceptance). Cover Oregon should take an active role in deciding and vetting the approach with the IRS, State DOJ and potential customers of the Exchange. Again, this is the front door to the Exchange access as should be a balance between business efficiency (customer acceptance) and security.
4	Identity Proofing/verification: There may be multiple layers of Identity proofing/verification required. Some users may need to provide proof as an individual only, Broker, and / or employer/employee. Cover Oregon should clearly define the requirements to HIX-IT and expect HIX-IT to create a detailed design document for ID and account management that is vetted with Cover Oregon.
5	Internal role definition: Cover Oregon should overlay role requirements on their internal workflow diagrams to ensure these are identified early in the development process. There are a number of engineering articles on methods for diagramming these requirements.
6	External Self-Administered Roles: Research should be conducted by Cover Oregon to fully understand what the failure rates of these types of implementations from a usability perspective. An expert should be consulted to guide Cover Oregon of necessary.
7	Much greater emphasis should be placed on defining the IDM strategy for Cover Oregon.
8	Reviewing analogous IDM and External Enterprise Dynamic Access Control implementations in the market place should be conducted by Cover Oregon. A comprehensive, detailed strategy should be developed and vetted by Cover Oregon and potentially an independent expert in this field.
9	Closed
10	Where possible, full mock-ups or prototyping of the Identity proofing and external self-administered roles should be made available to the business to determine the usability impact to the customer experience prior to implementation. This determination should use market research and data to fully justify the decisions made.

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Att B: Detailed Tracking and Reporting (Aug 2012 Finding)

Finding:

- The full scope of the HIX-IT development work is not fully articulated to management at Cover Oregon in a comprehensive manner. The issues are as follows:
  - There are a number of areas that need developed, including:
    - Use cases (general configuration of HIX-IT Components)
    - Interfaces to external IT Systems (approximately 60)
    - User Interface
    - Oracle Policy Automation rule development
    - Security
    - Content Management
    - Data classification and segmentation
    - Rework and refinement
  - Currently the CO Project Management is reporting the state of the 200+ use case work packages as a method of tracking project progress to Cover Oregon Management. While this is important, it only represents a portion of the overall IT development work. For example, current use case iterations being reported on may only comprise 45% of the overall IT work.
  - The current use cases that have been developed in iterations 9 through 12 are reported as "completed". According to the HIX-IT Product Planning document they are still rated as "blue" or incomplete due to the additional items identified above.

Risks:

1. Measuring Exchange Development progress via the number of use cases only will cause incorrect expectation setting and confusion on the part of Cover Oregon over the coming months.
2. Calling use cases "complete" is problematic and may cause incorrect expectation setting and confusion on the part of Cover Oregon.

Recommendations:

1 Cover Oregon should work with HIX-IT Program Management to establish a more comprehensive methodology for estimating the level of effort required for the major components of the project.

2 The estimating methodology established above should be closely monitored by Cover Oregon to determine its accuracy over the next few months.

3 Cover Oregon PM should clearly articulate, via significant development areas and metrics, the IT development work in a manner that clearly represents a more comprehensive view of the project and progress.

4 The development areas and metrics identified above should be reported to Cover Oregon's management monthly basis at a minimum.

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Att C: Contingency Planning (Sept 2012 Finding)

Findings:

OHA OIS has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA has made and/or is currently making include:

1 Assuming the role of prime contractor for the overall state development effort.
2 Deploying technology that is largely new to OHA.
3 Deploying an integrated enterprise architectural vision that is largely new to OHA.
4 Deploying a new software development lifecycle (iterative) that is new to OHA.
5 Re-organizing the delivery model (centralized model) for IT projects within OHA.
6 Standing up new processes to support this new delivery model.
7 Merging the technology and business operations of three organizations (OHA, DHS and CO) and attempting to develop a "no wrong door" approach (see attachment D).

Furthermore, OIS does not have experience in estimating level of effort within the HIX-IT project team or within OIS foundational services team using a common estimation methodology. It may take several iterations to sync the methodologies when they are stood up.

A risk was raised by the Oracle development team regarding the use of a single instance of WebCenter for development. Oracle recommended that separate instances be used as the planning and coordination issues are considerable and likely will slow development. It is our understanding that a decision has been made by OIS foundational services (no written decision has been made available) to use a single instance.

Application and architecture decisions require Modernization agreement prior to implementation. The projects are on different timelines, have only partially overlapping priorities and have a different sense of urgency. See matrix below for priorities.

	DHS	OHA	CO
Individual Tax Credit	P3	P2	P1
SHOP Tax Credit	NA	NA	P1
MAGI (Medicaid/CHIP) eligibility, shopping and enrollment only	P2	P1	P2
Non-Magi			P3
Other Medical			NA
Non medical	P1	P4	NA

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The OIS and HIX-IT overall governance structure as stated in the Project Charter does not appear to be functioning. This process needs to be clarified, documented and made balanced and transparent for the business, and all development teams going forward.

OIS does not appear to have formal, detailed, documented, functioning, transparent technical governance or data governance committees.

The software applications are expected to be merged for the first time towards the end of the HIX-IT project. This has never been attempted within the OHA development teams to date. The technical components of the merge are known to some degree, but how the organization will approach and deal with "collides" on a business level has never been done in OHA/Cover Oregon.

OHA must produce, sync and baseline a variety of detailed schedules (HIX-IT, Modernization, Security, MDM, Environments, OPA/application business rules, SOA, Webcenter, PeopleSoft, IVR, UI, OBIE and CO) for this project to be successful.

OHA and the HIX-IT project has slipped a number of proposed deadlines to date (see scheduling section). Cover Oregon has a schedule that is highly dependent on the HIX-IT, Modernization, and OIS foundational services schedules. And vice versa.

A number of basic project processes are not fully implemented within the OIS project structure (e.g., change control, testing, common estimation methodology, common schedule methodology, common activity diagramming methodology, etc.)

The current high level CO Timeline and the more detailed MS Project Schedule do not have specific usability testing activities identified.

Risks:

1) With the project deadline less than 1 year away and the lack of a stable and experienced organization, development and delivery teams within OHA as well as the requirements delay within CO, the probability of missing the target date is currently an issue.

Recommendations:

1 CO should prepare a number of trigger points over the remaining timeline of the project to ensure that scope is continually sized to meet the target date. For example, on November 5th 2012 OHA OIS is scheduled to deliver a detailed project schedule for the remainder of the HIX-IT project. On this date, CO should have a formal review with the OHA CIO, HIX-IT, foundational services project teams and QA to understand in detail the project approach, schedule, dependencies and issues. This information can then be utilized to gauge the progress against an internal CO confidence checklist. The objective of this review should be to determine if significant components of scope should be

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deferred. Each trigger point would have a different checklist depending on where the project is on the timeline. An example of a checklist for Nov 5th could be as follows:

- Can scope be locked?
- What percent of scope is outstanding?
- Are schedules for all of the project areas complete, detailed, synced, and tracked using a common methodology?
- Are all project schedules being developed with a common estimation methodology?
- Are key dependencies identified within the schedules and are they listed for the executive management to review?
- Do the schedules have any slack in them and/or does all the scope fit within the current schedule?
- Do the schedules allow for any refinement once the system is constructed?
- Do the Oracle teams agree with the schedules?
- Have Modernization and CO documented the integration points within the application for "No Wrong Door"?
- Is the data that is to be passed from each application clearly documented?
- Is HP ALM operational?
- Are the test teams on board?
- Is there a functional, technical and data governance structure that is balanced and transparent to CO in place and operational?
- Are notes and decisions from these committees clearly documented for the development teams to build from?
- Etc.

The answers to this checklist can then determine a go/no-go for the current scope. If the decision is a no-go for the current scope, CO should have a list of predefined, prioritized and agreed to scope reduction options that can be employed immediately. Scope reduction options could be looked at from a horizontal (across all CO application components) and then, if need be, from a vertical application perspective. An example of scope reduction options could be as follows:

Scope reduction examples from a horizontal perspective:

- Reduce the complexity of the current architecture.
- Defer the merge and rebaseline of code until after go live.
- Implement separate instances of Oracle components that are dependent on interagency business integration.
- Reduce the dependency on the integration with other programs by deferring the "No Wrong Door" approach.
- Implement UI wireframes using Siebel.
- Etc.

Scope reduction examples from a vertical perspective:

1 Defer significant portions of the PeopleSoft components and process the billing manually.
2 Defer electronic plan loading from the Carriers.
3 Defer online Medicaid eligibility, plan selection and enrollment within the Exchange and process them manually.
4 Etc.

Each of these options would be pre-sized so that depending on the amount estimated schedule variance or slack desired by CO an equal amount of scope can be deferred. For example, if the schedule is off by 20% and reducing the complexity of the architecture can save 20% in the schedule then this would be employed because it is prioritized high and equals the needed time savings.

The formality of this process will give CO executive management a clear understanding of the project status and enable them to pull the appropriate levers to make the project successful at a variety points in the upcoming year.

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Att D: "No WrongDoor" Cooperation (Sept 2012 Finding)

Findings:

OHA/DHS and CO have a general agreement to create a "no wrong door" approach for eligibility and enrollment for state-sponsored medical programs and commercial insurance. This requires the businesses be aligned from both the operational perspective and the informational technology perspective to create a "to-be", future business state model. This is truly a transformation to the way that health coverage is to be administered across the state. Unfortunately, there is no clear authoritative document that defines the expectations for all the programs, authority/delegated authority, governance and detailed functional roles and responsibilities.

This overall business transformational effort that is being under taken is also not currently being tracked like a formal project. Typically a project of this size would have specific governance reporting, charter, scope, tasks, milestones, deliverables, and deadlines for the interagency work that is to be accomplished both operationally and technically.

For example, technical/architectural decisions are being made that may not fully align with the intent of the CO business model. The situation is aggravated by the lack of clear and comprehensive documentation for interagency cooperation with respect to requirements, process interface points, data passing, data sharing, portal entry and exit points, identity and access management, and document sharing.

Risk:

- Lack of a clear, detailed, integrated view of "no wrong door" will hamper a smooth implementation of this vision
- Lack of clear direction, governance, and delegation of authority from the OHA, DHS and CO leadership will result in a missed opportunity to integrate the "no wrong door" approach in time for the October 2013 opening the Exchange.
- Lack of a formal structure for this interagency business project will result in open ended work that may or may not yield sufficient information in time to be incorporated into the development schedule.
- Without clear direction/requirements from the businesses, technical decisions will be made that may or may not align to the long term operational plan for the businesses. This may require rework or additional future project to realign the technical decisions being made.
- Without clear operational agreements, staff will not be efficient in executing required transitional tasks for their programs, e.g., process reengineering, job reclassification, resource plans, inter-program agreements, etc.
- Without a defined process, project, and governance transparency, QA, development, operations, and executive management in the stakeholder agencies will not be able to monitor the progress of the effort to ensure that it is implemented in a timeframe and

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manner that fits the vision outlined by the Directors of OHA and DHS, the Executive Director of CO for the State of Oregon.

Recommendations:

- The Executive Directors from OHA and CO should commission the business leaders to draft a charter document for interagency transition project. An example of the makeup of a charter document may include:

- General vision of all the leaders.
- Scope, which identifies all the agency programs that are required to participate in the effort.
- Governance structure that identifies the two Executive Directors of OHA and CO as the sponsors identifies the business executive's steering committee and their responsibilities.
- Assignment of a project manager and scheduler that will produce a baseline schedule within 15 calendar days of charter implementation.
- High level deliverables, such as:
    1. All relevant agencies submit detailed information to a "no wrong door" operational and technical plan that will identify the "to-be" operational and technical requirements. This document will be required to be delivered to the steering committee no later than 45 calendar days after the project charter is released. This document should include:

1. Identification of all policy changes for each program with respect to the "no wrong door" initiative.
2. Identification of the following information about each on-line application:
    1. General screening requirements for all programs (Medicaid, QHP, etc).
    2. Detailed map of how clients will access each program through the on-line portal (client direct, community partner, navigator staff portal, etc).
    3. Specific data elements that is required for each application when they are passed from another application.
    4. Identification of a common point of transfer (after screening, after application completion, etc.)
    5. Identification of a common point of entry from a transfer (at additional screening point, selection of benefit, etc.)
3. Identification of the following information about their handling of paper and fax applications, phone/IVR applications:
    1. Identification of the agency that will handle processing of specific applications/or portions of applications.
    2. "Warm" handoff of clients that call in and require a transfer to another agency.
    3. Identification of common staffing of support and customer service centers, if required.
4. Identification of any issues, risks, barriers, roadblocks or concerns to implementing the operational and technical plan. Along with any roadblocks, barriers or concerns, the agency should propose a solution or solutions as a remedy.
5. Recommendations for the content of an integrated transition plan.

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- High-level schedule, including definition of "no wrong door" process flows and detailed requirements.

Att E: (Closed) Architecture Simplification (Nov 2012 Finding)

Findings:

1 The current architecture implementation of the ORACLE stack may not suit the operational business needs of Cover Oregon.

Background:

In the September MAXIMUS made the following statement in Attachment C of the Cover Oregon (CO) monthly report.

- Oregon Health Authority (OHA) Office Information Services (OIS) has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA have made and are currently making are as follows:
- Assuming the role of prime contractor for the overall state development effort.
- Deploying technology that is new to OHA.
- Deploying an enterprise architectural vision that is new to OHA.
- Deploying a new software development lifecycle (iterative) that is new to OHA.
- Re-organizing the delivery model (centralized model) for IT projects within OHA.
- Standing up new processes to support this new delivery model.
- Merging the technology and business operations of three organizations (OHA, DHS and Cover Oregon (CO)) and attempting to develop a "no wrong door" approach.

In general, the aggregation of the above items constitutes a very high risk for the Health Insurance Exchange ability to meet its business objectives. Two of these items are borne out of an industry belief of cost savings to an organization, items 3 and 5. This document is intended to further describe these items so that all parties have clarity of the significance of the risk taken by the State.

Definitions:

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Separate instance (SI) systems – is a method of implementation where each business unit has a separate and complete technology stack for each business unit.

Global Single Instance (GSI) – is a method of implementation that consolidates common lines of business into a single instance of a technology stack from top to bottom.

Enterprise Integration Architecture (EIA) – is a method of implementation that consolidates common services of a technology stack across similar lines of business and implements separate components for less common processes. For example, security would be a shared service among all business units and the CRM module may be separate instances for each of the business units.

The proposed HIX-IT architecture is a hybrid of the GSI and the SI approaches.

General Implementation Characteristics

The Global Single Instance to the Separate Instance implementation approaches have an inverse relationship with respect to efficiency and flexibility. The GSI approach has the highest degree of efficiency with respect to licenses required and staff needed to operate and maintain the system. In the GSI approach the flexibility of the businesses to make changes and release new features is considerably curtailed because multiple business lines need to be consulted and agreement must be made on priorities among those businesses. This prioritization effort is required to utilize foundational services resources most efficiently. Conversely, the Single Instance approach has the least efficiency and greatest flexibility.

Item 3: Deploying an enterprise architectural vision that is new to OHA.

Nationally, Health and Human Services organizations have a vision of a "No Wrong Door" approach to delivering benefits to their clients. The approach is borne out of the idea that costs can be reduced and services to clients can be improved at the same time. The "No Wrong Door" approach is also required in the ACA. It is important to note that this vision is not related to the system architecture; it is merely an operational vision. Many different architectural approaches can be deployed to implement the desired "No Wrong Door" vision.

OHA/DHS (OHA) OIS is deploying a combination of ORACLE products that together will make up the Oregon OHA and CO solution. The ORACLE solution is comprised of ORACLE developed products and products merged into Oracle through company acquisitions.

OHA has decided that a Global Single Instance (GSI) Architecture approach is the desired strategy for OHA. The GSI architecture implementation is defined by have a single instance for each ORACLE Component servicing all business entities (Modernization and CO) using the system. This decision was made prior to the establishment of the Health Insurance Exchange business. The IT industry, especially ORACLE, believes that this implementation has significant cost savings via reducing the amount of licenses and support staff required to deliver the solution to the businesses.

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This architecture approach is typically an evolutionary approach of organizations that currently have separate instance CRM and ERP systems for each business unit. Gartner suggests, "This is the approach (single instance) that should be considered in the integrated organization where there is a high degree of dependence and commerce among units". The degree of integration, dependency and commerce between OHA and CO is primarily in the Medicaid arena. The commonality of the DHS/OHA and CO organizations is currently estimated to be 10% of total system Exchange volume.

A GSI implementation architecture is typically promoted for organizations that have existing separate instances as a way to save costs and improve efficiency for common business units. For example, a manufacturing company with multiple instance architecture (separate ERP or CRM systems) for existing business lines, will evolve to a single instance architecture when they have mature, common business units, that have common businesses processes.

Separate instance systems are often moved to a single instance over a significant period of time and in a serial process using simple pilot projects. This is due to significant business process reengineering and technical challenges and complexities involved in this effort.

OHA and CO business characteristics are different then what is mentioned above in a number of ways:

1 OHA and CO are separate government organizations with different business missions and goals.
2 CO is a public corporation and is governed by different rules and regulations then OHA.
3 OHA and DHS do not currently have common processes and governance structures.
4 CO is a newly formed entity with untested Greenfield processes.
5 CO and OHA have different business timelines.

OIS has also decided to implement Modernization and the Health Insurance Exchange into a single instance in a "big bang" style, i.e., OIS intends to launch the both applications simultaneously. The selection of implementation approach is a strategic decision that should be made with executive business management understanding what the technical, development, operational and maintainability risks and impacts are to the business. Forrester Research says, "that business process and applications professionals face a variety of challenges in defining the single instance and identifying an apt consolidation model and hence companies should adopt a cautious, phased consolidation strategy".

Item 5: Re-organizing the delivery model (centralized foundational services model) for IT projects within OHA.

Traditionally the development of a shared-service organization (SSO) or shared-service center (SSC) within an organization is an attempt to reduce costs and standardized processes through economies of scale and centralization. A Global Service Center Benchmark study carried out by the Shared Services & Outsourcing Network (SSON) and the Hackett Group, which surveyed more than 250 companies, found that only about a third of all participants were able to generate cost savings of 20% or greater from their SSO.

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Risks:

Item 3: Deploying an enterprise architectural vision that is new to OHA.

1.) The reason for adopting the GSI architecture by OIS is primarily cost savings in licensing, operations and maintenance. However, there is no formal cost benefit analysis or return on investment models in the business case to back these assertions nor are we aware that they exist elsewhere. Without a quantifiable cost benefit analysis (CBA) or minimally a "before" and "after" analysis of the costs under both scenarios, there is insufficient data to determine that that one approach is more cost effective then the other. The lack of mature inter-agency processes and/or inter-agency planning in the following areas would seriously affect the CBA or ROI of such a business case:

- There was limited significant business process analysis and pre-planning,
- Lack of a clearly defined inter-agency "No Wrong Door" analysis. This is fundamentally the identification of a comprehensive new service delivery model.
- Lack of a common or functional governance processes,
- Limited overlap among inter-agency processes,
- Dissimilar priorities and goals among independent state agencies,
- Lack of state staff with appropriate skill sets resulting in a heavy reliance on highly paid consultants from all over the nation.

Individually, or in aggregate, these items could easily erode any expected cost savings for years to come.

2.) In addition to the above ROI/CBA factors, a Single Instance architecture approach also has a significant overhead or tax with regards to business operations that is not clearly articulated to the participating business entities. Each time a new business line is added or there is a change to the existing business processes, the Single Instance approach requires a feasibility analysis and/or a merge of the new code with the existing production code. The analysis and/or merge process looks for technical differences between the new and the production code. These technical differences often equate to differences in business operations. These differences or "collides" require the business units to resolve their operational differences prior to launch. Once the code is merged and launched, all of the existing businesses within the Single Instance receive a new release of code.

This process poses challenges in change management, downtime for patching and maintenance, upgradability and it increases the regression testing effort significantly. Legislative rule changes in healthcare or Medicaid over the next couple of years may result in a single business line significantly disrupting other lines of businesses each time changes or new rules are enacted.

Item 5: Re-organizing the delivery model (centralized foundational services model) for IT projects within OHA.

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3.) OIS also uses cost reduction and standardization as their justification to implement foundational services organization. Again, there is no cost benefit analysis or return on investment models in the business case to back these assertions. Without a quantifiable model or a "before" and "after" analysis of the costs under both scenarios, it is dubious to believe that one approach is more cost effective then the other. For example, the following items would seriously affect the CBA or ROI of such a business case:

1 no detailed strategy by OIS to move the organization to this delivery model.
2 not documenting OIS IT processes and work streams pre-implementation,
3 not focusing sufficiently on the transition period,
4 not having a robust operational transition plan clarifying employee resources,
5 lack of state staff resulting in an over reliance on a significant amount of highly paid consultants from all over the nation.
6 not having a risk management or monitoring process in place prior to implementation,
7 no proven functional or technical governance processes.

Individually, or in aggregate, these items could easily erode any expected cost savings for years to come.

Recommendation:

1.) Implementing a new Global Single Instance Architecture and a Foundational services organization requires significant inter-agency process reengineering and a major overhaul of the OIS IT department to occur simultaneously. The simultaneous execution of these initiatives introduces a compounding effect with regards to risk. Some short term risk mitigation has occurred, for example, additional ORACLE staff is being imported from around the nation to add expertise in the executive management, PMO, project management, scheduling and development areas of the organization.

In figure 1 below, a simple implementation analysis was mapped against perceived risks based on the large initiatives set in motion by OIS. This analysis shows the three implementation approaches discussed in this document and the technology characteristics relative to the business requirements and needs that can be expected from each of the approaches.

This simple analysis concludes that the EIA implementation approach may aid in reducing risk for the projects and potentially support a more flexible business environment for Cover Oregon in the foreseeable future. This risk mitigation approach of moving to an EIA implementation will potentially require an increase in upfront and O&M costs by CO.

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Figure 1.

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Att F: Risk Analysis for Security Implementation (Jan 2013 Finding)

Finding:

A formal security risk assessment has not been conducted on the following items:

4 Individual authentication and ID proofing process
5 Employer authentication and ID proofing process
6 Medicaid authentication and ID proofing process.
7 Co-mingling of business and user functions within the same user account.

The standard approach to implementing security controls is to utilize best practices as a guideline. Typically NIST 800 series documents are considered best practice guidelines and should be utilized in conjunction with other vendor best practices if available. Typically vendor best practices also rely on the NIST and other federal and industry documents and provide additional details as to how to implement specific products.

> **Cover Oregon Response:** Because of the nature of Cover Oregon and the type of info it will be gathering and sharing (PMI), it will need to be HIPPA compliant (which includes PMI requirements), we need to make sure we are addressing those requirements in this attachment, or some other attachment.
>
> Cover Oregon met with the state to get that process started. There is a checklist of all the things that the state feels Cover Oregon will need to address in order to meet the Federal HIPPA requirements. The Security Officer that Cover Oregon is in the process of hiring should own the completion of the processes laid out in this checklist as well as develop a timeline for completing all of the items in the above mentioned checklist then add those major milestones in Cover Oregon's project plan so there is wider visibility on the completion of those major milestones.

The NIST documents typically will use the term guideline in their titles and will often link to other federal documents that are to be considered prior to the reading of the current document. The Office of Management and Budget (OMB) will issue circulars, bulletins and memorandums as guidance to Federal, State and Local governments.

In this area of e-authentication NIST 800-63 'Electronic Authentication Guideline' references the 5 step process from the OMB M 04-04 'E-Authentication Guidance for Federal Agencies'. Page 1 states the following:

OMB guidance outlines a 5-step process by which agencies should meet their e-authentication assurance requirements:

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1. Conduct a risk assessment of the government system.
2. Map identified risks to the appropriate assurance level.
3. Select technology based on e-authentication technical guidance.

> **Cover Oregon Response:** Cover Oregon has been working closely with Oracle and the State to ensure that all applications & required hardware are compliant with all security requirements

4. Validate that the implemented system has met the required assurance level.

> **Cover Oregon Response:** The new Security Officer that Cover Oregon is in the process of hiring will conduct this, and will be part of the "timeline" referenced above.

5. Periodically reassess the information system to determine technology refresh requirements.

> **Cover Oregon Response:** This will be part of the policies & procedures that the new Security Officer will be finalizing upon their hiring.

This document (NIST 800-63) provides guidelines for implementing the third step of the above process. After completing a risk assessment and mapping the identified risks to the required assurance level, agencies can select appropriate technology that, at a minimum, meets the technical requirements for the required level of assurance. "

Steps 1 and 2 of the 5 step process above are addressed by the OMB 04-04 document. On page 1 of the OMB M 04-04 document it states, 'This document will assist agencies in determining their e-government authentication needs. Agency business-process owners bear the primary responsibility to identify assurance levels and strategies for providing them. This responsibility extends to electronic authentication systems." This document also states in section 4.4 "It is also important to match the required level of assurance against the cost and burden of the business, policy, and technical requirements of the chosen solution."

The HIPAA security rule, IRS 1075, NIST 800-63 and OMB 4-4 all recommend a risk analysis as a key part of the process for designing security controls for a government agency.

In general, a good risk analysis not only includes the probability of threats and vulnerabilities from the security perspective, it also includes the burden (cost, complexity and usability) to the business of implementing the recommended security control. It must do this because some security controls may be too costly or too complex for the agency or the public for which they serve.

> **Cover Oregon Response:** Cover Oregon started the process of working with the State on this assessment, and definition of ongoing policies and procedures to ensure compliance now and into the future.
>
> The state will need to make an initial response to the Federal Government on the steps that Cover Oregon has taken and will need to take over in the coming months to comply

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with all Federally mandated HIPPA and other security requirements. Various Cover Oregon resources are engaged in this effort.

Risk:

- Enrollment rates and brand perception can be affected by an exchange user experience that is considered too complex or difficult.
- Without a proper risk analysis by a skilled security professional (inclusive of business risks) OHA and CO will be at odds as to what are the technical risks are and how they are balanced against the business requirements.
- The business and technical side, given deadline pressure, will indicate that it is too late for a proper risk analysis and that the project must accept where it is and move forward anyway. This may be true, however, this issue will plague the business for years to come either by reduced online enrollees or by being compromised by malicious actors.
- Both sides (technical and business) will state that it is too late to conduct the risk analysis. This may be true for the April 30th deadline, however, if the initial system proves to be too cumbersome to navigate during usability testing or to easy to compromise, a system retool may be necessary prior to Oct 1 launch. Without a proper risk analysis the retool runs the risk reopening the debate between technical and business groups and/or of moving the system to the other extreme.
- Without a balanced risk analysis the system design at launch will be dictated by the loudest voices, fear, uncertainty and doubt arguments from both sides of the issue. Typically the technical groups will err on the side of too much security and the business will err on the side of too little security. Both conditions are problematic.
- Without a firm foundation on the true technical risks the security and business groups will be at odds with each other and with CMS and IRS in the future. Lack of foundational analysis will set the stage for a constant rehash of the issues.
- The State of Oregon was given an "Early Innovator Grant" with the understanding that new ground will be broken in many areas. The Federal government expects to be challenged and also to learn from the experiences of the innovator States. These experiences help to shape policy, best practices or federal guidance. The security issues above are very good examples of a new area that will benefit from thoughtful analysis that can be shared with the Federal government and other states going forward.
- Federal regulations require Cover Oregon to comply with HIPPA requirements due to the PMI information CO will be gathering and sharing through the exchange. Failure to comply with these requirements could result in sizeable fines and/or shutting down the exchange

Recommendation:

- Request a formal report from the Federal entities on their risk analysis that supports any position they may currently have. Have this report reviewed by an outside security firm that is skilled in balancing security and usability for government and ecommerce systems.

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Cover Oregon Response: The state is working on this report with the support of Cover Oregon.

- (In process) Hire a national security firm to conduct research and a security risk analysis that is limited to the scope of the items identified in the findings above. This analysis can then be used to adjust the system security controls prior to, or after the launch if required.

  Cover Oregon Response: Cover Oregon will take this into consideration

- Release the research and security risk analysis results to CMS and other states as a model of how to balance security and usability for Health Insurance Exchanges going forward.

  Cover Oregon Response: Cover Oregon needs to hire a Security Officer who will ensure all required policies and procedures to meet the HIPPA requirements are completed. By working with the state, the Security Officer will validate Cover Oregon meets all HIPPA requirements prior to "go-live" and has the ongoing reviews, validations and audits required to ensure continuing compliance with those same HIPPA regulations.

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Att G: Scope Management and Product delivery (Feb 2013 Finding)

Cover Oregon Response: Cover Oregon has deployed a business-driven Scope Management process that supplements original scope management work that began in August 2012. The basic process includes:

- A recurring meeting that includes a cross-organizational team of executives and decision makers.
- An information-based approach that considers mitigation opportunities through: (1) reducing/delaying scope; (2) increasing development capacity, and; (3) expanding the development timeline.
- A regular update and evaluation of scope delivery metrics that allows immediate adjustments and additional actions to be taken.

The results of this process have been positive. The team realizes that there is still considerable risk that must be managed. The following changes have occurred so far:

- Technical interfaces have been reduced from 62 to 39 -- a 37% reduction in interface scope.
- At-risk Medicaid data exchange scope has been managed through communication of a "must have" 4/1 date for completion with planned work-around by Cover Oregon if not delivered. Expectations for what will be delivered on 4/1 were clearly articulated to OHA partners.
- Less than 2 months ago, Maximus estimated that the functional scope was 5 months behind with development work (including merge and rebase; the most recent estimate is approximately 30 days.
- Foundational services scope, while still a struggle for Cover Oregon to affect within OHA/OIS, has seen progress and is now integrated into the functional scope dependencies and management process.

In addition to the work mentioned above, other practices have been deployed to expedite scope issue resolution and decision-making. A 3 x weekly "Scrum" call provides cross-functional issue resolution and tracking with the JIRA system. Most recently, a 3x weekly Development Blocker Resolution meeting was deployed and deemed successful by all involved. Cover Oregon has carefully considered the input provided by Maximus and remains open and attentive to the high quality assistance that has been provided on this project. Cover Oregon also realizes that continued focus must be applied to scope management to navigate toward a successful 10/1/2013 launch date.

Findings (at the time of writing March 10, 2013):
CO and HIX-IT has identified ~135 use cases that will need work/development in Iteration 17 (I17), slated for March 1st to May 1st. The 135 are categorized as follows:

- 29 use cases are expected to be carried over from I16 for additional work based on dependency's to be completed in I17, i.e., interfaces, MDM, etc.

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  - 24 use cases are considered updates from previous iterations.
  - 79 use cases are considered new use cases
  - 3 Use cases are TBD
- The CO scope strategy is to do the following:
  1. Have ORACLE give a preliminary (swag) Level of Effort (LOE), i.e. man hours for the ~135 use cases identified for Iteration 17 (I17) slated for March 1 to Apr 30th .

  Cover Oregon Response:
  34 use cases were carried over from I-16 work not completed not 29 use case
  34 use cases are considered updates from previous iterations
  67 use cases are considered new use cases

  4 use cases were not labeled out of the 139 total use cases in I-17

- **Cover Oregon Response:** Oracle has provided Cover Oregon a preliminary level of effort (LOE) to provide some rough order of magnitude estimate of scope issue; more refined LOE estimates were planned and have been delivered by Oracle.

  2. As part of this process CO wants ORACLE to identify where increasing capacity (development resources) can increase the through put of use cases. Oracle has been authorized to add 21 resources by OHA.

- **Cover Oregon Response:** Oracle has received approval to onboard 29 resources. As of mid-March all but 3 resources have been on-boarded. Per Oracle, the onboarding build-up was considered in their capacity estimates that were delivered. All roles reviewed and approved by the State.

  3. CO will then make cuts based on what ORACLE says their swag LOE is and proposed capacity estimates can be for I17. Note: This still may require an additional iteration or iteration subset to complete, i.e., 1 to 2 more months; this additional iteration subset is currently being called I17a.

- **Cover Oregon Response:** Cover Oregon reviewed and modified the Oracle proposed scope management plan based on business need; Maximus has participated in the scope management meetings and was aware of this approach. It was not a one-time-only event based on initial estimates.

- Mapping the previous, current (planned) and outstand use cases per iteration produced the following :
  - I14 41 use cases
  - I15 48 use cases
  - I16 62 use cases (planned)
  - I17 135 use cases (outstanding)

- CO currently views it's the organization as centered around two core lines of business (individual and SHOP) The CO organization is loosely organized around these vertical lines of business.

- **Cover Oregon Response:** Cover Oregon understands the various lines of "vertical" business and has organized much of their business and technical delivery by separate business lines. Maximus's opinion of how Cover Oregon views as their business is speculative and misrepresents how the project is organized and executed.

Risks:

1. Without a more vertical view of the service lines and functional components of the Exchange it will be difficult for Management to coordinate the delivery of the exchange releases and focus future development and enhancements around specific target metrics. The current cross functional management of the development, operations, delivery and marketing make it extremely challenging to ensure that all components are "linked and synced" for delivery. Typically, in the private sector, service lines/products are looked at from a vertical perspective and each vertical lines of business will have aLine Manager. The Line Manager typically "owns" the product in the sense that he/she is responsible for delivering the product from a Product Development Lifecycle (PDLC) perspective. A typical PDLC starts with conception and ends with the retirement of the product or service. For example, a typical PDLC may include conception, requirements gathering, market research, feature development, testing, delivery, upgrades, revenue and budget management, operations and maintenance, and finally product retirement. A Line Manager is typically matrix function across these functional areas to ensure that all components are properly coordinated for successful launch and operation of the service or product.

- **Cover Oregon Response:** Having a fully vertical model versus a more general model is a decision made by organizations and characterizing it as "typical" is not accurate. This model could be problematic as a new company such as Cover Oregon establishes itself. Recommending that Cover Oregon immediately integrate into a hard vertical organization structure could be disadvantageous for a company that is still constructing its initial business.

2. Without a more integrated vertical view of the Exchange, Management may be in a position whereby they can only do a wholesale push of the delivery date in some incremental fashion (week, month or iteration). Typically, these types of launch slip decisions are based on limited information and subsequent slips tend to happen.

- **Cover Oregon Response:** Cover Oregon is working toward a 10/1/2013 go-live date. This date is federally mandated for both SHOP and Individual lines of business. Unlike in other typical internal IT projects, date slippage is not an option for Cover Oregon. This hard date is a key driver in the scope management process.

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Further, wholesale schedule slips may result in a throttling of marketing to the public, i.e., if the delivery date messaging has to adapt to the continued slips in the launch of the system the organization will become reticent on aggressively marketing the Exchange in the midst of negative publicity. If the organization begins to throttle the messaging it can potentially negatively affect the pre-enrollment numbers (domino affect).

3. The outstanding use cases currently out weight the previous iterations by more than twice. Continued technical analysis will produce more accuracy and precision as time passes, however, the widow is limited and the longer the analysis takes the less time will be available for the business to make strategic decisions other than doing a wholesale delay of the launch.

- **Cover Oregon Response:** The Scope Management team is receiving a weekly update of user case development progress providing the Cover Oregon executive team to make quick analysis and adjustments as necessary. Cover Oregon, working with Oracle and HIX IT, is using information to guide its decisions.

4. Performance for past iterations is not relevant for the I17 iteration. For example, the previous iterations have always had the luxury of a follow on iteration. In previous iterations, issues or incomplete items could be rolled forward into the next iteration, so the complexity of the use cases that are "carryover" or "updates" will probably be increased for I17. In addition, the final Iteration will require the connection of use cases to the Foundational Services components.

- **Cover Oregon Response:** Stating that something "may or may not happen" is a safe bet for anything that has not already occurred. Lessons learned from I-15 and I-16 are expected to be valuable in estimate I-17 performance. Unlike in past iterations, weekly updates to progress are provided and monitored at the scope management meetings.

5. The scope reduction strategy of trimming all service offerings (Individual, SHOP and Medicaid) of functionality equally (generally) may result the quality of the exchange experience and functionality being diminished across the entire site.

- **Cover Oregon Response:** Cover Oregon is focused on mandatory scope that delivers a solid user experience. Cover Oregon has also begun its "Version 1.x" and "Version 2.0" and beyond process to begin developing its post 10/1 product implementation strategy.

6. The current scope management strategy being employed is a technical based approach which leads with technology and capacity instead of a business based approach. Having one without the other is an incomplete risk assessment process. This strategy is considered back loaded because the hard business decisions are to be made once the technical analysis is available, i.e., toward the end of the final iteration.

- **Cover Oregon Response:** Cover Oregon is driving the Scope Management process while including Oracle and HIX-IT/OHA in the discussion to best understand the impact of its

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decision. Based on this information, Oracle provided a straw man proposal that Cover Oregon modified to best fit its business need.

7. The current scope management strategy does not take into account the work that is currently happening in operations and how operations will need to adjust to any significant last minute changes in scope. Operations will have to react to the late scope deferment decision, which may happen after they have resourced and planned their processes. They (Operations) will have to potentially re-resource and re-plan just prior to their training.

- **Cover Oregon Response:** The scope management team includes the Cover Oregon Chief Operating Officer. The Operations team is made aware of scope issues on a weekly basis at the Matrix team meetings. Based on best-known information, the CCO makes needed decisions with full input to the Scope Management team.

8. Detailed LOE estimates will be difficult until late in the iteration. Most likely, Oracle will find the average LOE from the previous iterations for use cases and apply them to all use cases in I17 for the initial swag estimate. This swag will provide some information, however, it will not be as precise as CO would like and may lead CO to falsely assume that all work can be accomplished.

- **Cover Oregon Response:** Based on review of delivered use cases and UI, Oracle delivered revised LOE and Capacity estimates to Cover Oregon on Tuesday, March 12, versus late in the iteration as suggested by Maximus.

9. In addition to the above, CO has only asked ORACLE HIX-IT development team for LOE and not OHA/OIS Foundational Services. So the LOE that will be given will be void of important dependency information. OHA Foundational Services is a significant risk factor given the lack of transparency, schedule and communications from these groups.

- **Cover Oregon Response:** LOE and Capacity estimated from Foundational Services (FS) are not available at this time due to the lack of information available within this scope area that resides within OIS/OHA. FS was invited to participate as part of the scope management team and CO scope management will encourage delivery of its LOC and Capacity as soon as it is available.

10. The capacity increase provided by ORACLE will also take time, for example it will most likely take 30 days to have resources on the ground from when an authorization is approved. It will also take the resource once on the ground, a minimum of a week to get up to speed. This would mean that the new resource would then only be effective for 6 of the 8 weeks of I17.

- **Cover Oregon Response:** Oracle received approval to onboard 29 additional resources. Onboarding began in February with the majority of the resources on-boarded by the week of March 25th. Per Oracle, the onboarding build up process was considered in the capacity estimates it delivered to Cover Oregon.

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11. OHA business is a dependency for a significant portion of the CO Medicaid business line. The assumption is that keeping Medicaid in scope for Release 1 with scope reductions on all of the business line (Individual and SHOP) that CO will get the Medicaid piece. The risk with this logic is that the CO Medicaid business line is fully dependent on OHA Medicaid business and IT which have a different delivery schedule.

- **Cover Oregon Response:** Cover Oregon sent an email to the OHA Director stating its concern with lack of progress on the Medicaid scope delivery. Since that letter was sent, a meeting occurred that outlined a Cover Oregon acceptable solution that is on track for delivery by 4/1. Cover Oregon confirmed that it can go live on 10/1/2013 with the interim solution with little quality risk.

12. Reliance on an additional iteration (I17a) to be "squeezed" in for the Oct 1 is problematic. Development delivered past the I17 (April 30th) deadline will begin to encroach on a reduced (tight) testing period for the Exchange. Trying to include another iteration (I17a) for the Oct 1 release is risky given the already compressed testing window. Employing this type of strategy with immature organizations (CO and OHA) is very risky. This type of uncertainty of the final operational environment can negatively affect operations, training, marketing, and deployment schedules, further increasing the risk for a low quality launch.

- **Cover Oregon Response:** Cover Oregon, with input from the scope management team, is managing this period carefully and prioritizing work in this area.

13. Deferring scope and finalizing development in I17 will still leave the schedule tight. It is considered a high risk to plan tight timeframes with such immature organizations. Without ample slack in the schedule, CO may have to continually adjust their messaging and communications to update their final progress when deadlines slip.

Cover Oregon Response: As is discussed daily on the project, the schedule is very tight and risky. Even with finalizing development by 4/30, there is still overlap between SIT, UAT and Performance testing. CO is confused by any mention of "ample slack" in the schedule since the 10/1/2013 date has been seen as overly aggressive and unreasonable for an extended period. The highly aggressive schedule has been recognized by the LFO and reported by the LFO to the Legislature as unreasonable. CO is managing scope to implement its mandates and mitigating risks when possible.

14. The system will be available for end-to-end viewing with the security enabled for the first time at the end of I17 as the testing phase begins (May 1). This first view of the complete system will most likely need significant tweaks and potentially, substantial rework. The developers will be focused on these items for quick turnaround. Including a I17a Iteration with the expectation it will be released on Oct 1 will further exacerbate this stressful and compressed schedule.

- **Cover Oregon Response:** The Oracle development team has been increased for additional work. This capacity increase accounts for development staff to work defects that are uncovered during testing.

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Recommendations:

1. As the Organization matures CO should consider further vertical integration of the Exchange Lines of Business (LOB)by establishing Line Managers that are responsible for the PDLC for their respective areas, roadmap prioritization and meeting target metrics and business objectives.

This deeper vertical view of the exchange will also assist with product and feature prioritization for subsequent releases of the Exchange and .

- **Cover Oregon Response:** Cover Oregon will take this recommendation into consideration given the feedback provided above.

2. Using a business risk based approach coupled with an LoB view of the Exchange, alternate or enhanced strategy's for scope reduction can be developed. Example risk factors could be:

- Legal compliance
- Political (National and State)
- Business priorities (Individual, SHOP, Medicaid, Agents, Community Partners)
- Quality (Overall, Individual, SHOP, Medicaid, Customer Service)
- Enrollment Numbers (Individual v. SHOP v. Medicaid)
- Priorities within the business line and Customer Service
- Dependencies (OHA, Foundational services, Carriers, etc.)

a). A test can then be set up by the business to aid in strategic decision making, in parallel to the LOE estimates being created by ORACLE. As an example each business line (Individual, SHOP and Medicaid) and functional areas (Community Partners, Agents, Customer Service) can run through a simple priority test to determine their ranking relative to each other.

1. Does CO think this line of business or functional component to be a CORE compliance item for Oct 1st? (worst to best rating 1,2,3 etc) An example of this would be payment. Is payment required to be delivered in the pre-enrollment period?

2. Does CO think they can weather the political implications of not deploying this line of business or functional component in an automated fashion on Oct 1 nationally? (worst to best rating 1,2,3 etc)

3. Can CO weather the political implications of not deploying this line of business or functional component in an automated fashion on Oct 1 on a state level? (worst to best rating 1,2,3 etc)

4. Does CO deem this line of business or functional component a core automated component of the exchange (Business priorities)? This can be weighted by any number

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of metrics, for example, revenue, mission, enrollment, etc. and each can be assigned a priority 1,2, 3, 4, etc.

5. Is this line of business or functional component dependent on areas or groups outside of the control of CO? (least to most rating 1,2,3 etc)

In the above example, items with the lower scores would be the highest priority business lines and functional components.

Note: one way to make this analysis extremely effective is to not allow any answer to be rated the same across the lines of business or functional components. For example, in question 1, none of the lines of business can have the same rating, i.e. 3 lines of business, 3 distinct rating values (1,2 and 3). This "rack and stack" methodology is difficult to do, but can give a very clear and sometimes a surprising picture of the business priorities. In addition, the teams should be encouraged to challenge any and all assumptions in the process. Typically, doing this will provide new insight and thinking on how problems are perceived and dealt with.

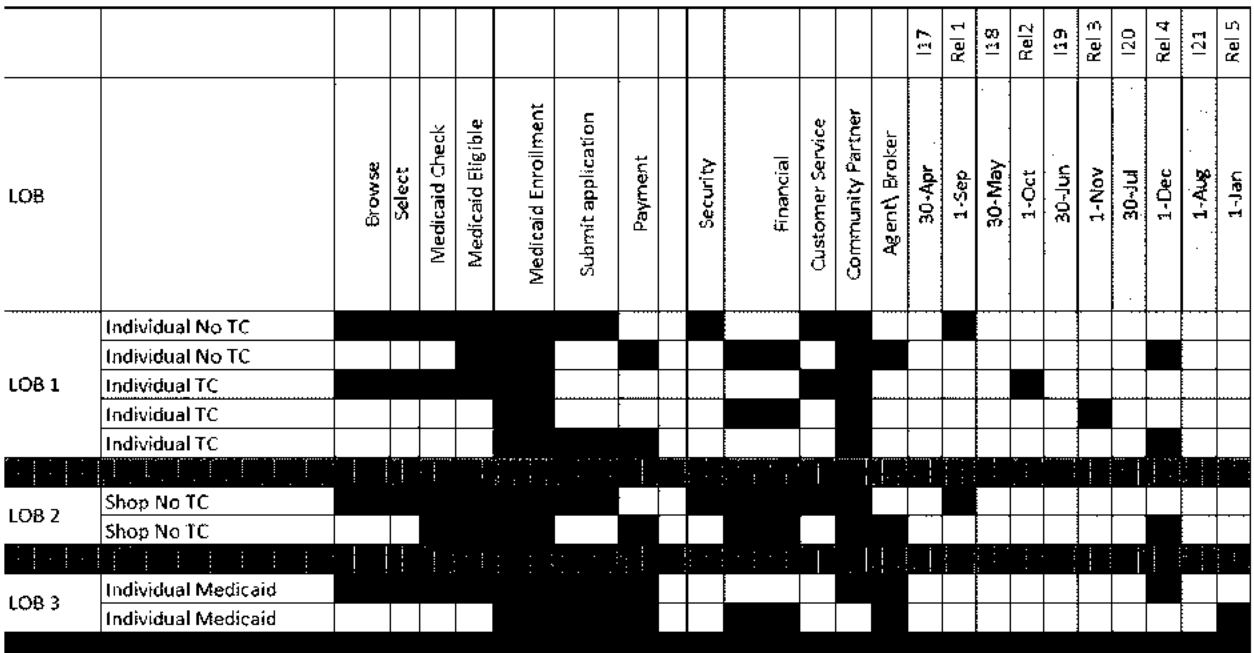
b). Once the lines of business or functional components are prioritized, an analysis can be made within each line of business of the key functionality in a similar manner.

This information can then be matched against development capacity and be used to plan what functionality should made manual (workaround) until an automated solution is available or deferred until a later date. See figure 1. for a rudimentary feature release product plan.

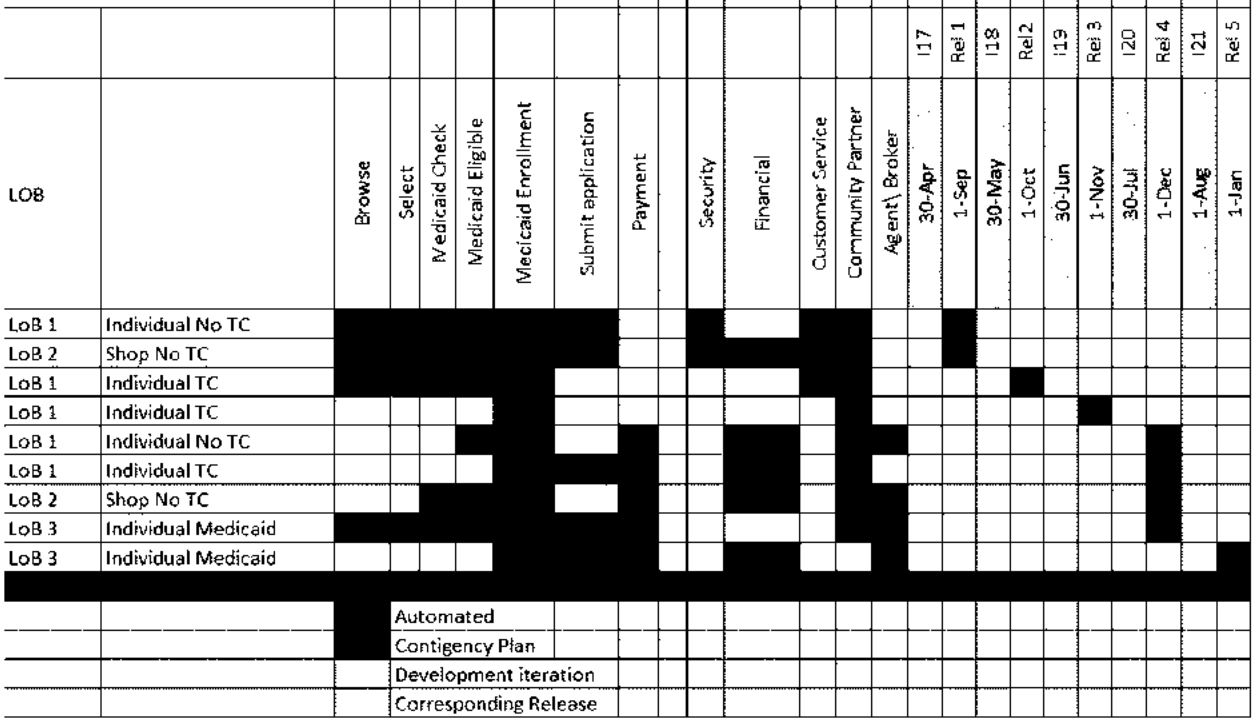
- **Cover Oregon Response:** Cover Oregon will take this recommendation into consideration given its feedback noted above.

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Sorted by Line of Business (LOB)



Sorted by Release Date



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3. For all functionality that is not under the control of CO, a contingency plan and trigger date should be established. For example, the CMS hub interface for user identity validation is not fully defined and does not have a delivery date from CMS. CO should identify the last point in time this interface can be reasonably delivered for inclusion into the Oct 1st release.

- **Cover Oregon Response:** Cover Oregon will consider this recommendation.

4. There will be more that 17 Iterations in the life of the Exchange. However, not all iterations will be directly linked to the Oct 1 release date for all LoB's. Typically, in mature and disciplined organizations, a single iteration or groups of iterations are assigned to a specific release. For example, in the case of the Exchange, Iteration 17 would be linked to the first release of the Exchange (Oct 1). A follow on iteration (18) could be linked to the next release in either Nov or Dec. Then iteration 19 could be linked to the next release in Jan or Feb of 2014, etc. This cycle is expected and to halt development on Iteration 17 and or to create a 17a for inclusion in the Oct 1st release is unrealistic, confusing and counter-productive.

- **Cover Oregon Response:** See feedback provided above by Cover Oregon. Cover Oregon is currently building a process for future minor and major production releases.

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Oregon Health Insurance Exchange Corporation (ORHIX) / Cover Oregon (CO) Monthly Quality Status Report

April 2013

Deliverable #2.3.j

FINAL

Dated: June 5th, 2013

TABLE OF CONTENTS

SECTION 1: Introduction

Cover Oregon (CO) recognizes the value of an independent, third-party formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

1 **Initial Risk Assessment** - identification of initial risks facing CO
2 **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
3 **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of March, 2013. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.

Since July 2011, the Oregon Health Authority (OHA) has led the design and implementation of the Health Insurance Exchange – Information Technology (HIX-IT) solution, building upon the Oracle products and Enterprise architecture envisioned by the State of Oregon. The IT project is currently being transitioned to CO.

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SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. In other words, progress in some areas since last month is offset by the fact that there is one less month until the federally mandated deadlines. Additionally, each rating category will carry a different relative weight when assessing the overall risk level of the effort. For example, while 11 out of 16 Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule", and "Inter-Org Coordination" remain high (red), which drives the overall high (red) risk assessment. The Quality Rating Category of "Testing" was also elevated from yellow to red during this period.

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally. For example, in order to meet the federal requirement that the Exchange be up and running by January 1, 2014, the system must be completed and ready to accept enrollments by October 2013. This is clearly a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is evolving rapidly and is dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of March, including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO continues to make positive and significant progress towards the launch of the Oregon Health Insurance Exchange. The organization has and continues to demonstrate flexibility and creativity in dealing with this complex and evolving landscape.
- CO has signed ORACLE contracts and expects to take over a significant portion of the development of the Exchange. The contracts take effect in May.
- CO/OHA/ and DHS are continuing to meet and work through the business processes and decisions. Progress is slow but moving in the right direction.

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The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

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Quality Rating Category	QA Risk Level	Priority QA Recommendations	CO Risk Level	CO Response
OVERALL HEALTH		• See below for specific priority recommendations. • Continue to review, update, and track all outstanding quality risks and recommendations.		• Cover Oregon agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue.
Business Mission and Goals	***Low***	• CO is creating a system Launch plan. This effort is intended to synchronize the development, business operations and marketing efforts for the initial launch. • MAXIMUS recommends that CO formally articulate the dates with OHA and DHS business units as to when the window for automation and operational changes will be closed for this release with respect to Medicaid.	***Low***	• Agree • Agree – We have already done this.
Roadmap	***Med***	• The roadmap for the first release will be in flux until scope sizing is completed. This work is expected to continue into the final iteration.	***Med***	• Cover Oregon agrees with finding. The list of open issue is shrinking rapidly.
Scope		• See attachment C and G. • The Scope for the first release will be in flux until scope sizing and dependency identification and prioritization is complete. • CO should establish formal trigger points and hold to these dates for OHA Medicaid system development and business units.		• See previous month's response. • Agree • Agree – Cover Oregon has established dates and communicated them.
Schedule		• Develop and publish schedule variance reports for all three schedule components (HIX-IT, FS and CO). • Continue working towards a integrated and resource loaded schedule for HIX-IT and OIS foundational services. • Continue to identify project dependencies and critical paths.		• Cover Oregon will consider this recommendation balanced with resources priority and focus with other control processes and estimation methods currently in place. • Cover Oregon has continued to further refine our integrated project plan, which includes adding resource loading. • Cover Oregon is continuing to employ the schedule management process to identify dependencies and critical path.
Budget	***Med***	• CO will be transitioning the budget from OHA OIS over the next month. More information will be requested by MAXIMUS after the transition	***Med***	• There is no transition of budget as they are two separate grants.

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Table 2: QA Risk Level Tracking

Quality Rating Category	June '12	July '12	Aug '12	Sept '12	Oct '12	Nov '12	Dec '12	Jan '13	Feb '13	Mar '13	Apr '13
OVERALL HEALTH											
Business Mission and Goals				M	M	M	M	M	M	M	
Roadmap			M	M	M	M	M	M	M	M	M
Scope											
Schedule											
Budget	M	M	M	M	M	M	M	M	M	M	M
Funding	M	M	M	M	M	M	M				
Board Governance	M	M	M	M							
Inter-Org Coordination											
Organizational Management	M	M	M	M	M						
Human Resources	M	M	M	M	M	M	M	M	M	M	M
Stakeholder Management	M	M									
Communication	M	M	M	M	M						M
Project Management				M	M	M	M	M	M	M	
Contract Management	M	M	M	M	M	M	M	M	M	M	
Product Content	M										
Testing				M	M	M	M	M			

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SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of March, 2013.

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Section 4: Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. At the client's request, unique numbering has been introduced for both risks and recommendations, to assist in tracking. For example, risks in the Business Mission and Goals section of the report can be identified as Risk-BMG-1, Risk-BMG-2, etc. Recommendations can be similarly, uniquely identified. The integrity of the numbering will be preserved during future reports.

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Table 3: Detailed Quality Standards Scorecard

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	Quality Rating Category	Mar 2013	Apr 2013	Risk Assessment Finding, Risks, and Recommendations
O M	Business Mission and Goals (BMG)	Med	Low	
				Findings During Period: • CO is creating a Business Operations Plan now referred to as the Launch Plan. This document is expected to further detail the various exchange functions and plans for the first release of the exchange. A draft outline of the Business Operations Plan was completed in Feb and is being utilized as a source for the Launch Plan • The business mission and goals between OHA OIS and CO are not fully aligned with respect to Medicaid. Work is being done in this area and progress is being made, however, the cultures and timelines are different. CO has formally notified OHA OIS of their expectations, trigger events and dates they will use to determine if a contingency plan must be implemented for the Oct 1st release. ***Risks:*** 1. Closed 2. Without clear understanding, communication and alignment of the deadlines and priorities for the Oct 2013 release between the business units (CO, OHA) may result in delayed launch for Medicaid. 3. Without a detailed launch plan, coordination of IT, OPS and Marketing may not be in full alignment for the launch window. ***Recommendations:*** 1. Closed. 2. Closed. 3. (In process) Utilize updated business market data, potentially from Wakely Group and other states for Medicaid enrollee projections. Use this to enhance the Business Plan document with more detailed analysis. 4. (In process) Update the detailed business model for the Exchange. Document in detail all relevant assumptions, risks, constraints and contingency plans. Update in detail, all revenue projections with justification of why they are valid. Update, in detail all costs with justification of their validity. This information should be used to model and determine long-term sustainability in a variety of circumstances. This information should be appended to the updated Business Plan. This plan should include Medicaid "take rates" for the electronic exchange, as well as references to source materials. 5. Clearly identify the business roadmap and ensure that it is connected with the business modeling and Business Plan. 6. Closed. 7. Closed. 8. Closed. 9. Closed.
	Roadmap (RM)	Med	Med	
CC				***Findings During Period:*** • A general road map has been defined that goes until 2016. Currently there is no process for determining what features are considered priority for future releases. • The roadmap for the first release will be in flux until all dependencies and development efforts are sized. Scope sizing is expected to be completed for the Oct 2013 through the early part of May. ***Risks:*** 1. Without a clear, comprehensive, and authoritative description of the Exchange roadmap, the project will

SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	Cover Oregon agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue.
Business Mission and Goals	The Go-Live Launch team has been established and the plan is being developed. Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon policy and business operations is vital to planning operational procedures for Medicaid processing. Cover Oregon is working closely with OHA to clarify dates and expectations. OHA and Cover Oregon leadership are working together to resolve the Medicaid scope issue. OHA, DHS and Cover Oregon staff have been working together on multiple "work streams" related to Medicaid processing, with decisions coming out of those meetings and being approved by OHA, DHS and Cover Oregon leadership authorized to finalize and sign off on these decisions. The launch plan is being developed to ensure successful day 1 (10/1/13) operation.
Roadmap	The current road map outlines the products, services and functionality that will be delivered in Version 1.0 of the exchange. A cross-functional team is compiling and prioritizing products and services for post-1.0 upgrades in 2014, Version 2.0 and beyond. This work is based on a formal process for determining priority functionality and scope.
Scope	Cover Oregon has specifically responded to attachment "G" in the body of in our response to the February report. Cover Oregon continues to work with OHA leadership and OIS to communicate expectations and resolve outstanding issues. Remaining open scope issues are being resolved through the change management and development "blocker" resolution processes.
Schedule	Cover Oregon continues to build and update a comprehensive schedule as is outlined in the organization's schedule management process. New discovery will occur but Cover Oregon and HIX-IT have established adequate controls. Cover Oregon is also working closely with OHA to identify and mitigate project dependencies.
Budget	In March, Cover Oregon re-allocated funds based on the shift to a separate Oracle instance. Funds already allocated to IT were moved, so that they would fund contracts directly rather than support OHA's contracts. Cover Oregon signed contracts and is working with OHA to best forecast ongoing maintenance and operational costs given this move.
Funding	In February 2013, Cover Oregon received Federal approval of its $226 million Level 2 funding request. Approximately $90 Million is for IT.
Board Governance	MAXIMUS correctly notes that the Executive Director and staff routinely meet with the Board and its finance committee, providing members with a variety of informational documents.
Inter-Org Coordination	Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon is vital to planning the operations for Medicaid processing. Cover Oregon has formally provided specific due dates to OHA business and OIS for the near term expectations for Medicaid requirements, and MMIS system interface architecture approach and delivery. In March and

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	April, Cover Oregon worked closely with OHA leadership to resolve outstanding issues.
Organizational Management	Cover Oregon agrees that the organization is growing at a very quick pace. The organization and its staff are adapting and managing to change.
Human Resources	The current staffing strategy includes a mix of CO and contracted staff and takes into account the need to support the entire technology infrastructure - including new development and operations and maintenance. The scope of the staffing strategy takes into account the need to manage from the hardware to application configuration and management.
Stakeholder Management	Cover Oregon continues its proactive outreach and stakeholder communication efforts.
Commun-ications	The marketing and communications teams are preparing for any changes in initial launch so that expectations can be set with stakeholders and consumers, and marketing materials are appropriate to the situation.
Project Management	Cover Oregon agrees that scope and schedule must be managed very closely through final development; Cover Oregon has made significant progress in reviewing and integrating with the HIX-IT project/product planning artifacts.
Contract Management	Cover Oregon utilizes a Work Breakdown Structure (WBS) to identify activities to be completed on the way to Day 1 of open enrollment. Tasks that are assigned to contractors have been identified and are being tracked, as are other resources.
Product Content	Cover Oregon is working with HIX IT and OHA leadership to manage content and is escalating issues as they arise. Much progress has been made to nail down security and operational processes. Cover Oregon is actively managing the product content through the Foundational Services summit meetings, which include OIS leadership and project management staff. Scope management is ongoing and based on an established process between Cover Oregon leadership, Oracle and HIX IT PM. Cover Oregon has implemented a framework that balanced usability with security – CMS endorsed. The Cover Oregon Scope management process is already in place. Cover Oregon has mitigated risk and no wrong door through summits, leadership assessments and scope management.
Testing	Cover Oregon continues to aggressively manage scope and schedule with a comprehensive test plan strategy to guide testing activities across the organization and to integrate with HIT-IT testing processes. Cover Oregon is mitigating testing progress issues by working closely with the test manager. Cover Oregon has a management process to manage risks associated with concurrent test and development work. Cover Oregon recognizes that an additional iteration is required. Development has been sequenced to allow for back office configuration while customer-facing technology is tested. Cover Oregon will ensure any overlap is tightly managed and will coordinate testing using a risk-based approach. This will ensure the highest level of product quality in priority areas.

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SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

[redacted]	Probable/eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
[redacted]	Possible/unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

[redacted]	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
[redacted]	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT			
		Low	Med	High
	High	MED	[redacted]	[redacted]
	Med	[redacted]	MED	[redacted]
	Low	[redacted]	[redacted]	MED

Att A: Detailed Security Concerns (July 2012 Findings)

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Findings:

- The current Identity and Access Management (IAM aka. IDM), Single Sign On (SSO), External Self-Administered Role and Role Based Access (RBAC) strategy is not well defined and can be characterized as follows (Note: this information was identified in the recent HIX-IT Logical Structure of Account 4 Whitepaper):
  - Every user in the system will have single sign-on capability in the system. This means that individual and business functions are comingled in accounts.
  - Identify proofing approach is currently unclear. Identity proofing is required to provide assurance of non-repudiation. Identity proofing of some form will be required by the Exchange due to the nature of the environment.
  - Identity proofing is currently at the individual level only. It is unclear how an employer, broker, employee, etc., will be proofed in the system for their specialized role.
  - Internal staff roles in the system are not defined.
  - External roles are intended to be self-administered, i.e., a user can join or revoke other users into and out of their accounts.

Risks:

1. Comingling of individual and business accounts is highly unusual especially in the health insurance field. While it seems like a convenience, it may not be desirable from a user, technical, or security perspective. For example, an individual user may also be a Broker. This person may log into their account at home on their personal computer. If this computer is infected with key logger, user account login information could be compromised. A malicious user would then have access to the Brokers personal account and also their Broker account which potentially compromises other employer accounts the Broker may be attached.
2. Identity proofing can be costly and can have a customer usability impact. If the ID proofing is considered to be too cumbersome by the public it can affect the use of the Exchange by the general public.
3. Additional levels of verification may need to be exercised for different roles in the system, For example, how will a Broker prove they are a legitimate Broker in the system? Not clearly planning, defining and detailing the strategy up front can result in significant delay or work stoppage in the project due to security, usability or technical issues that will continue to pop up in the project without a proper strategy and planning effort.
4. Internal system role definition may alter the expected business workflow of Cover Oregon. Doing this work later in the development or after the system is developed can cause rework and or surprises in staff workflow.
5. External self-administered roles currently known in the industry as Enterprise Dynamic Access Control (EDAC) create additional complexity of the public user experience. These types of architectures are relatively new for public use environments and if deemed too complex and not intuitive for average users, it can result in nonuse of the Exchange by the public.
6. Exchange liability for fraudulent activity due to ineffective identity management and self-administered roles is not fully evaluated. For example, Cover Oregon may be held liable or publicly embarrassed if a person fraudulently became a broker in the system and was found to be attached to a number of large Employer accounts. These types of externally, self-administered implementations are relatively new and fraught with risk for a known marketplace, let alone a marketplace in its infancy.

Recommendations:

1 Account comingling: Cover Oregon should find an existence proof of individual and business comingling approach in the health care field prior to implementing this strategy. If precedence is found in the market, Cover Oregon should seek out the entity and be thoroughly briefed by the entity prior to making this decision.

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2	Identity proofing: Cover Oregon should understand the requirements from CMS, IRS, etc with regards to what level of ID proofing is required prior to developing the IDM strategy. For more on Federal ID proofing levels please refer to NIST 800-63.
3	Identity proofing: Identity proofing techniques are both a Business and a IT decision. Cover Oregon will ultimately need to bear the risk that the selected approach poses (legal and user acceptance). Cover Oregon should take an active role in deciding and vetting the approach with the IRS, State DOJ and potential customers of the Exchange. Again, this is the front door to the Exchange access as should be a balance between business efficiency (customer acceptance) and security.
4	Identity Proofing/verification: There may be multiple layers of Identity proofing/verification required. Some users may need to provide proof as an individual only, Broker, and / or employer/employee. Cover Oregon should clearly define the requirements to HIX-IT and expect HIX-IT to create a detailed design document for ID and account management that is vetted with Cover Oregon.
5	Internal role definition: Cover Oregon should overlay role requirements on their internal workflow diagrams to ensure these are identified early in the development process. There are a number of engineering articles on methods for diagramming these requirements.
6	External Self-Administered Roles: Research should be conducted by Cover Oregon to fully understand what the failure rates of these types of implementations from a usability perspective. An expert should be consulted to guide Cover Oregon of necessary.
7	Much greater emphasis should be placed on defining the IDM strategy for Cover Oregon.
8	Reviewing analogous IDM and External Enterprise Dynamic Access Control implementations in the market place should be conducted by Cover Oregon. A comprehensive, detailed strategy should be developed and vetted by Cover Oregon and potentially an independent expert in this field.
9	Closed
10	Where possible, full mock-ups or prototyping of the Identity proofing and external self-administered roles should be made available to the business to determine the usability impact to the customer experience prior to implementation. This determination should use market research and data to fully justify the decisions made.

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Att B: Detailed Tracking and Reporting (Aug 2012 Finding)

Finding:

- The full scope of the HIX-IT development work is not fully articulated to management at Cover Oregon in a comprehensive manner. The issues are as follows:
  - There are a number of areas that need developed, including:
    - Use cases (general configuration of HIX-IT Components)
    - Interfaces to external IT Systems (approximately 60)
    - User Interface
    - Oracle Policy Automation rule development
    - Security
    - Content Management
    - Data classification and segmentation
    - Rework and refinement
  - Currently the CO Project Management is reporting the state of the 200+ use case work packages as a method of tracking project progress to Cover Oregon Management. While this is important, it only represents a portion of the overall IT development work. For example, current use case iterations being reported on may only comprise 45% of the overall IT work.
  - The current use cases that have been developed in iterations 9 through 12 are reported as "completed". According to the HIX-IT Product Planning document they are still rated as "blue" or incomplete due to the additional items identified above.

Risks:

1. Measuring Exchange Development progress via the number of use cases only will cause incorrect expectation setting and confusion on the part of Cover Oregon over the coming months.
2. Calling use cases "complete" is problematic and may cause incorrect expectation setting and confusion on the part of Cover Oregon.

Recommendations:

1 Cover Oregon should work with HIX-IT Program Management to establish a more comprehensive methodology for estimating the level of effort required for the major components of the project.

2 The estimating methodology established above should be closely monitored by Cover Oregon to determine its accuracy over the next few months.

3 Cover Oregon PM should clearly articulate, via significant development areas and metrics, the IT development work in a manner that clearly represents a more comprehensive view of the project and progress.

4 The development areas and metrics identified above should be reported to Cover Oregon's management monthly basis at a minimum.

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Att C: Contingency Planning (Sept 2012 Finding)

Findings:

OHA OIS has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA has made and/or is currently making include:

1 Assuming the role of prime contractor for the overall state development effort.
2 Deploying technology that is largely new to OHA.
3 Deploying an integrated enterprise architectural vision that is largely new to OHA.
4 Deploying a new software development lifecycle (iterative) that is new to OHA.
5 Re-organizing the delivery model (centralized model) for IT projects within OHA.
6 Standing up new processes to support this new delivery model.
7 Merging the technology and business operations of three organizations (OHA, DHS and CO) and attempting to develop a "no wrong door" approach (see attachment D).

Furthermore, OIS does not have experience in estimating level of effort within the HIX-IT project team or within OIS foundational services team using a common estimation methodology. It may take several iterations to sync the methodologies when they are stood up.

A risk was raised by the Oracle development team regarding the use of a single instance of WebCenter for development. Oracle recommended that separate instances be used as the planning and coordination issues are considerable and likely will slow development. It is our understanding that a decision has been made by OIS foundational services (no written decision has been made available) to use a single instance.

Application and architecture decisions require Modernization agreement prior to implementation. The projects are on different timelines, have only partially overlapping priorities and have a different sense of urgency. See matrix below for priorities.

	DHS	OHA	CO
Individual Tax Credit	P3	P2	P1
SHOP Tax Credit	NA	NA	P1
MAGI (Medicaid/CHIP) eligibility, shopping and enrollment only	P2	P1	P2
Non-Magi			P3
Other Medical			NA
Non medical	P1	P4	NA

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The OIS and HIX-IT overall governance structure as stated in the Project Charter does not appear to be functioning. This process needs to be clarified, documented and made balanced and transparent for the business, and all development teams going forward.

OIS does not appear to have formal, detailed, documented, functioning, transparent technical governance or data governance committees.

The software applications are expected to be merged for the first time towards the end of the HIX-IT project. This has never been attempted within the OHA development teams to date. The technical components of the merge are known to some degree, but how the organization will approach and deal with "collides" on a business level has never been done in OHA/Cover Oregon.

OHA must produce, sync and baseline a variety of detailed schedules (HIX-IT, Modernization, Security, MDM, Environments, OPA/application business rules, SOA, Webcenter, PeopleSoft, IVR, UI, OBIE and CO) for this project to be successful.

OHA and the HIX-IT project has slipped a number of proposed deadlines to date (see scheduling section). Cover Oregon has a schedule that is highly dependent on the HIX-IT, Modernization, and OIS foundational services schedules. And vice versa.

A number of basic project processes are not fully implemented within the OIS project structure (e.g., change control, testing, common estimation methodology, common schedule methodology, common activity diagramming methodology, etc.)

The current high level CO Timeline and the more detailed MS Project Schedule do not have specific usability testing activities identified.

Risks:

1) With the project deadline less than 1 year away and the lack of a stable and experienced organization, development and delivery teams within OHA as well as the requirements delay within CO, the probability of missing the target date is currently an issue.

Recommendations:

1 CO should prepare a number of trigger points over the remaining timeline of the project to ensure that scope is continually sized to meet the target date. For example, on November 5th 2012 OHA OIS is scheduled to deliver a detailed project schedule for the remainder of the HIX-IT project. On this date, CO should have a formal review with the OHA CIO, HIX-IT, foundational services project teams and QA to understand in detail the project approach, schedule, dependencies and issues. This information can then be utilized to gauge the progress against an internal CO confidence checklist. The objective of this review should be to determine if significant components of scope should be

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deferred. Each trigger point would have a different checklist depending on where the project is on the timeline. An example of a checklist for Nov 5th could be as follows:

- Can scope be locked?
- What percent of scope is outstanding?
- Are schedules for all of the project areas complete, detailed, synced, and tracked using a common methodology?
- Are all project schedules being developed with a common estimation methodology?
- Are key dependencies identified within the schedules and are they listed for the executive management to review?
- Do the schedules have any slack in them and/or does all the scope fit within the current schedule?
- Do the schedules allow for any refinement once the system is constructed?
- Do the Oracle teams agree with the schedules?
- Have Modernization and CO documented the integration points within the application for "No Wrong Door"?
- Is the data that is to be passed from each application clearly documented?
- Is HP ALM operational?
- Are the test teams on board?
- Is there a functional, technical and data governance structure that is balanced and transparent to CO in place and operational?
- Are notes and decisions from these committees clearly documented for the development teams to build from?
- Etc.

The answers to this checklist can then determine a go/no-go for the current scope. If the decision is a no-go for the current scope, CO should have a list of predefined, prioritized and agreed to scope reduction options that can be employed immediately. Scope reduction options could be looked at from a horizontal (across all CO application components) and then, if need be, from a vertical application perspective. An example of scope reduction options could be as follows:

Scope reduction examples from a horizontal perspective:

- Reduce the complexity of the current architecture.
- Defer the merge and rebaseline of code until after go live.
- Implement separate instances of Oracle components that are dependent on interagency business integration.
- Reduce the dependency on the integration with other programs by deferring the "No Wrong Door" approach.
- Implement UI wireframes using Siebel.
- Etc.

Scope reduction examples from a vertical perspective:

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1 Defer significant portions of the PeopleSoft components and process the billing manually.
2 Defer electronic plan loading from the Carriers.
3 Defer online Medicaid eligibility, plan selection and enrollment within the Exchange and process them manually.
4 Etc.

Each of these options would be pre-sized so that depending on the amount estimated schedule variance or slack desired by CO an equal amount of scope can be deferred. For example, if the schedule is off by 20% and reducing the complexity of the architecture can save 20% in the schedule then this would be employed because it is prioritized high and equals the needed time savings.

The formality of this process will give CO executive management a clear understanding of the project status and enable them to pull the appropriate levers to make the project successful at a variety points in the upcoming year.

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Att D: "No WrongDoor" Cooperation (Sept 2012 Finding)

Findings:

OHA/DHS and CO have a general agreement to create a "no wrong door" approach for eligibility and enrollment for state-sponsored medical programs and commercial insurance. This requires the businesses be aligned from both the operational perspective and the informational technology perspective to create a "to-be", future business state model. This is truly a transformation to the way that health coverage is to be administered across the state. Unfortunately, there is no clear authoritative document that defines the expectations for all the programs, authority/delegated authority, governance and detailed functional roles and responsibilities.

This overall business transformational effort that is being under taken is also not currently being tracked like a formal project. Typically a project of this size would have specific governance reporting, charter, scope, tasks, milestones, deliverables, and deadlines for the interagency work that is to be accomplished both operationally and technically.

For example, technical/architectural decisions are being made that may not fully align with the intent of the CO business model. The situation is aggravated by the lack of clear and comprehensive documentation for interagency cooperation with respect to requirements, process interface points, data passing, data sharing, portal entry and exit points, identity and access management, and document sharing.

Risk:

- Lack of a clear, detailed, integrated view of "no wrong door" will hamper a smooth implementation of this vision
- Lack of clear direction, governance, and delegation of authority from the OHA, DHS and CO leadership will result in a missed opportunity to integrate the "no wrong door" approach in time for the October 2013 opening the Exchange.
- Lack of a formal structure for this interagency business project will result in open ended work that may or may not yield sufficient information in time to be incorporated into the development schedule.
- Without clear direction/requirements from the businesses, technical decisions will be made that may or may not align to the long term operational plan for the businesses. This may require rework or additional future project to realign the technical decisions being made.
- Without clear operational agreements, staff will not be efficient in executing required transitional tasks for their programs, e.g., process reengineering, job reclassification, resource plans, inter-program agreements, etc.
- Without a defined process, project, and governance transparency, QA, development, operations, and executive management in the stakeholder agencies will not be able to monitor the progress of the effort to ensure that it is implemented in a timeframe and

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manner that fits the vision outlined by the Directors of OHA and DHS, the Executive Director of CO for the State of Oregon.

Recommendations:

- The Executive Directors from OHA and CO should commission the business leaders to draft a charter document for interagency transition project. An example of the makeup of a charter document may include:

- General vision of all the leaders.
- Scope, which identifies all the agency programs that are required to participate in the effort.
- Governance structure that identifies the two Executive Directors of OHA and CO as the sponsors identifies the business executive's steering committee and their responsibilities.
- Assignment of a project manager and scheduler that will produce a baseline schedule within 15 calendar days of charter implementation.
- High level deliverables, such as:
    1. All relevant agencies submit detailed information to a "no wrong door" operational and technical plan that will identify the "to-be" operational and technical requirements. This document will be required to be delivered to the steering committee no later than 45 calendar days after the project charter is released. This document should include:

1. Identification of all policy changes for each program with respect to the "no wrong door" initiative.
2. Identification of the following information about each on-line application:
    1. General screening requirements for all programs (Medicaid, QHP, etc).
    2. Detailed map of how clients will access each program through the on-line portal (client direct, community partner, navigator staff portal, etc).
    3. Specific data elements that is required for each application when they are passed from another application.
    4. Identification of a common point of transfer (after screening, after application completion, etc.)
    5. Identification of a common point of entry from a transfer (at additional screening point, selection of benefit, etc.)
3. Identification of the following information about their handling of paper and fax applications, phone/IVR applications:
    1. Identification of the agency that will handle processing of specific applications/or portions of applications.
    2. "Warm" handoff of clients that call in and require a transfer to another agency.
    3. Identification of common staffing of support and customer service centers, if required.
4. Identification of any issues, risks, barriers, roadblocks or concerns to implementing the operational and technical plan. Along with any roadblocks, barriers or concerns, the agency should propose a solution or solutions as a remedy.
5. Recommendations for the content of an integrated transition plan.

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- High-level schedule, including definition of "no wrong door" process flows and detailed requirements.

Att E: (Closed) Architecture Simplification (Nov 2012 Finding)

Findings:

1 The current architecture implementation of the ORACLE stack may not suit the operational business needs of Cover Oregon.

Background:

In the September MAXIMUS made the following statement in Attachment C of the Cover Oregon (CO) monthly report.

- Oregon Health Authority (OHA) Office Information Services (OIS) has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA have made and are currently making are as follows:
- Assuming the role of prime contractor for the overall state development effort.
- Deploying technology that is new to OHA.
- Deploying an enterprise architectural vision that is new to OHA.
- Deploying a new software development lifecycle (iterative) that is new to OHA.
- Re-organizing the delivery model (centralized model) for IT projects within OHA.
- Standing up new processes to support this new delivery model.
- Merging the technology and business operations of three organizations (OHA, DHS and Cover Oregon (CO)) and attempting to develop a "no wrong door" approach.

In general, the aggregation of the above items constitutes a very high risk for the Health Insurance Exchange ability to meet its business objectives. Two of these items are borne out of an industry belief of cost savings to an organization, items 3 and 5. This document is intended to further describe these items so that all parties have clarity of the significance of the risk taken by the State.

Definitions:

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Separate instance (SI) systems – is a method of implementation where each business unit has a separate and complete technology stack for each business unit.

Global Single Instance (GSI) – is a method of implementation that consolidates common lines of business into a single instance of a technology stack from top to bottom.

Enterprise Integration Architecture (EIA) – is a method of implementation that consolidates common services of a technology stack across similar lines of business and implements separate components for less common processes. For example, security would be a shared service among all business units and the CRM module may be separate instances for each of the business units.

The proposed HIX-IT architecture is a hybrid of the GSI and the SI approaches.

General Implementation Characteristics

The Global Single Instance to the Separate Instance implementation approaches have an inverse relationship with respect to efficiency and flexibility. The GSI approach has the highest degree of efficiency with respect to licenses required and staff needed to operate and maintain the system. In the GSI approach the flexibility of the businesses to make changes and release new features is considerably curtailed because multiple business lines need to be consulted and agreement must be made on priorities among those businesses. This prioritization effort is required to utilize foundational services resources most efficiently. Conversely, the Single Instance approach has the least efficiency and greatest flexibility.

Item 3: Deploying an enterprise architectural vision that is new to OHA.

Nationally, Health and Human Services organizations have a vision of a "No Wrong Door" approach to delivering benefits to their clients. The approach is borne out of the idea that costs can be reduced and services to clients can be improved at the same time. The "No Wrong Door" approach is also required in the ACA. It is important to note that this vision is not related to the system architecture; it is merely an operational vision. Many different architectural approaches can be deployed to implement the desired "No Wrong Door" vision.

OHA/DHS (OHA) OIS is deploying a combination of ORACLE products that together will make up the Oregon OHA and CO solution. The ORACLE solution is comprised of ORACLE developed products and products merged into Oracle through company acquisitions.

OHA has decided that a Global Single Instance (GSI) Architecture approach is the desired strategy for OHA. The GSI architecture implementation is defined by have a single instance for each ORACLE Component servicing all business entities (Modernization and CO) using the system. This decision was made prior to the establishment of the Health Insurance Exchange business. The IT industry, especially ORACLE, believes that this implementation has significant cost savings via reducing the amount of licenses and support staff required to deliver the solution to the businesses.

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This architecture approach is typically an evolutionary approach of organizations that currently have separate instance CRM and ERP systems for each business unit. Gartner suggests, "This is the approach (single instance) that should be considered in the integrated organization where there is a high degree of dependence and commerce among units". The degree of integration, dependency and commerce between OHA and CO is primarily in the Medicaid arena. The commonality of the DHS/OHA and CO organizations is currently estimated to be 10% of total system Exchange volume.

A GSI implementation architecture is typically promoted for organizations that have existing separate instances as a way to save costs and improve efficiency for common business units. For example, a manufacturing company with multiple instance architecture (separate ERP or CRM systems) for existing business lines, will evolve to a single instance architecture when they have mature, common business units, that have common businesses processes.

Separate instance systems are often moved to a single instance over a significant period of time and in a serial process using simple pilot projects. This is due to significant business process reengineering and technical challenges and complexities involved in this effort.

OHA and CO business characteristics are different then what is mentioned above in a number of ways:

1 OHA and CO are separate government organizations with different business missions and goals.
2 CO is a public corporation and is governed by different rules and regulations then OHA.
3 OHA and DHS do not currently have common processes and governance structures.
4 CO is a newly formed entity with untested Greenfield processes.
5 CO and OHA have different business timelines.

OIS has also decided to implement Modernization and the Health Insurance Exchange into a single instance in a "big bang" style, i.e., OIS intends to launch the both applications simultaneously. The selection of implementation approach is a strategic decision that should be made with executive business management understanding what the technical, development, operational and maintainability risks and impacts are to the business. Forrester Research says, "that business process and applications professionals face a variety of challenges in defining the single instance and identifying an apt consolidation model and hence companies should adopt a cautious, phased consolidation strategy".

Item 5: Re-organizing the delivery model (centralized foundational services model) for IT projects within OHA.

Traditionally the development of a shared-service organization (SSO) or shared-service center (SSC) within an organization is an attempt to reduce costs and standardized processes through economies of scale and centralization. A Global Service Center Benchmark study carried out by the Shared Services & Outsourcing Network (SSON) and the Hackett Group, which surveyed more than 250 companies, found that only about a third of all participants were able to generate cost savings of 20% or greater from their SSO.

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Risks:

Item 3: Deploying an enterprise architectural vision that is new to OHA.

1.) The reason for adopting the GSI architecture by OIS is primarily cost savings in licensing, operations and maintenance. However, there is no formal cost benefit analysis or return on investment models in the business case to back these assertions nor are we aware that they exist elsewhere. Without a quantifiable cost benefit analysis (CBA) or minimally a "before" and "after" analysis of the costs under both scenarios, there is insufficient data to determine that that one approach is more cost effective then the other. The lack of mature inter-agency processes and/or inter-agency planning in the following areas would seriously affect the CBA or ROI of such a business case:

- There was limited significant business process analysis and pre-planning,
- Lack of a clearly defined inter-agency "No Wrong Door" analysis. This is fundamentally the identification of a comprehensive new service delivery model.
- Lack of a common or functional governance processes,
- Limited overlap among inter-agency processes,
- Dissimilar priorities and goals among independent state agencies,
- Lack of state staff with appropriate skill sets resulting in a heavy reliance on highly paid consultants from all over the nation.

Individually, or in aggregate, these items could easily erode any expected cost savings for years to come.

2.) In addition to the above ROI/CBA factors, a Single Instance architecture approach also has a significant overhead or tax with regards to business operations that is not clearly articulated to the participating business entities. Each time a new business line is added or there is a change to the existing business processes, the Single Instance approach requires a feasibility analysis and/or a merge of the new code with the existing production code. The analysis and/or merge process looks for technical differences between the new and the production code. These technical differences often equate to differences in business operations. These differences or "collides" require the business units to resolve their operational differences prior to launch. Once the code is merged and launched, all of the existing businesses within the Single Instance receive a new release of code.

This process poses challenges in change management, downtime for patching and maintenance, upgradability and it increases the regression testing effort significantly. Legislative rule changes in healthcare or Medicaid over the next couple of years may result in a single business line significantly disrupting other lines of businesses each time changes or new rules are enacted.

Item 5: Re-organizing the delivery model (centralized foundational services model) for IT projects within OHA.

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3.) OIS also uses cost reduction and standardization as their justification to implement foundational services organization. Again, there is no cost benefit analysis or return on investment models in the business case to back these assertions. Without a quantifiable model or a "before" and "after" analysis of the costs under both scenarios, it is dubious to believe that one approach is more cost effective then the other. For example, the following items would seriously affect the CBA or ROI of such a business case:

1 no detailed strategy by OIS to move the organization to this delivery model.
2 not documenting OIS IT processes and work streams pre-implementation,
3 not focusing sufficiently on the transition period,
4 not having a robust operational transition plan clarifying employee resources,
5 lack of state staff resulting in an over reliance on a significant amount of highly paid consultants from all over the nation.
6 not having a risk management or monitoring process in place prior to implementation,
7 no proven functional or technical governance processes.

Individually, or in aggregate, these items could easily erode any expected cost savings for years to come.

Recommendation:

1.) Implementing a new Global Single Instance Architecture and a Foundational services organization requires significant inter-agency process reengineering and a major overhaul of the OIS IT department to occur simultaneously. The simultaneous execution of these initiatives introduces a compounding effect with regards to risk. Some short term risk mitigation has occurred, for example, additional ORACLE staff is being imported from around the nation to add expertise in the executive management, PMO, project management, scheduling and development areas of the organization.

In figure 1 below, a simple implementation analysis was mapped against perceived risks based on the large initiatives set in motion by OIS. This analysis shows the three implementation approaches discussed in this document and the technology characteristics relative to the business requirements and needs that can be expected from each of the approaches.

This simple analysis concludes that the EIA implementation approach may aid in reducing risk for the projects and potentially support a more flexible business environment for Cover Oregon in the foreseeable future. This risk mitigation approach of moving to an EIA implementation will potentially require an increase in upfront and O&M costs by CO.

Figure 1.

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Att F: Risk Analysis for Security Implementation (Jan 2013 Finding)

Finding:

A formal security risk assessment has not been conducted on the following items:

4 Individual authentication and ID proofing process
5 Employer authentication and ID proofing process
6 Medicaid authentication and ID proofing process.
7 Co-mingling of business and user functions within the same user account.

The standard approach to implementing security controls is to utilize best practices as a guideline. Typically NIST 800 series documents are considered best practice guidelines and should be utilized in conjunction with other vendor best practices if available. Typically vendor best practices also rely on the NIST and other federal and industry documents and provide additional details as to how to implement specific products.

> **Cover Oregon Response:** Because of the nature of Cover Oregon and the type of info it will be gathering and sharing (PMI), it will need to be HIPPA compliant (which includes PMI requirements), we need to make sure we are addressing those requirements in this attachment, or some other attachment.
>
> Cover Oregon met with the state to get that process started. There is a checklist of all the things that the state feels Cover Oregon will need to address in order to meet the Federal HIPPA requirements. The Security Officer that Cover Oregon is in the process of hiring should own the completion of the processes laid out in this checklist as well as develop a timeline for completing all of the items in the above mentioned checklist then add those major milestones in Cover Oregon's project plan so there is wider visibility on the completion of those major milestones.

The NIST documents typically will use the term guideline in their titles and will often link to other federal documents that are to be considered prior to the reading of the current document. The Office of Management and Budget (OMB) will issue circulars, bulletins and memorandums as guidance to Federal, State and Local governments.

In this area of e-authentication NIST 800-63 'Electronic Authentication Guideline' references the 5 step process from the OMB M 04-04 'E-Authentication Guidance for Federal Agencies'. Page 1 states the following:

OMB guidance outlines a 5-step process by which agencies should meet their e-authentication assurance requirements:

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1. Conduct a risk assessment of the government system.
2. Map identified risks to the appropriate assurance level.
3. Select technology based on e-authentication technical guidance.

> **Cover Oregon Response:** Cover Oregon has been working closely with Oracle and the State to ensure that all applications & required hardware are compliant with all security requirements

4. Validate that the implemented system has met the required assurance level.

> **Cover Oregon Response:** The new Security Officer that Cover Oregon is in the process of hiring will conduct this, and will be part of the "timeline" referenced above.

5. Periodically reassess the information system to determine technology refresh requirements.

> **Cover Oregon Response:** This will be part of the policies & procedures that the new Security Officer will be finalizing upon their hiring.

This document (NIST 800-63) provides guidelines for implementing the third step of the above process. After completing a risk assessment and mapping the identified risks to the required assurance level, agencies can select appropriate technology that, at a minimum, meets the technical requirements for the required level of assurance. "

Steps 1 and 2 of the 5 step process above are addressed by the OMB 04-04 document. On page 1 of the OMB M 04-04 document it states, 'This document will assist agencies in determining their e-government authentication needs. Agency business-process owners bear the primary responsibility to identify assurance levels and strategies for providing them. This responsibility extends to electronic authentication systems." This document also states in section 4.4 "It is also important to match the required level of assurance against the cost and burden of the business, policy, and technical requirements of the chosen solution."

The HIPAA security rule, IRS 1075, NIST 800-63 and OMB 4-4 all recommend a risk analysis as a key part of the process for designing security controls for a government agency.

In general, a good risk analysis not only includes the probability of threats and vulnerabilities from the security perspective, it also includes the burden (cost, complexity and usability) to the business of implementing the recommended security control. It must do this because some security controls may be too costly or too complex for the agency or the public for which they serve.

> **Cover Oregon Response:** Cover Oregon started the process of working with the State on this assessment, and definition of ongoing policies and procedures to ensure compliance now and into the future.
>
> The state will need to make an initial response to the Federal Government on the steps that Cover Oregon has taken and will need to take over in the coming months to comply

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with all Federally mandated HIPPA and other security requirements. Various Cover Oregon resources are engaged in this effort.

Risk:

- Enrollment rates and brand perception can be affected by an exchange user experience that is considered too complex or difficult.
- Without a proper risk analysis by a skilled security professional (inclusive of business risks) OHA and CO will be at odds as to what are the technical risks are and how they are balanced against the business requirements.
- The business and technical side, given deadline pressure, will indicate that it is too late for a proper risk analysis and that the project must accept where it is and move forward anyway. This may be true, however, this issue will plague the business for years to come either by reduced online enrollees or by being compromised by malicious actors.
- Both sides (technical and business) will state that it is too late to conduct the risk analysis. This may be true for the April 30th deadline, however, if the initial system proves to be too cumbersome to navigate during usability testing or to easy to compromise, a system retool may be necessary prior to Oct 1 launch. Without a proper risk analysis the retool runs the risk reopening the debate between technical and business groups and/or of moving the system to the other extreme.
- Without a balanced risk analysis the system design at launch will be dictated by the loudest voices, fear, uncertainty and doubt arguments from both sides of the issue. Typically the technical groups will err on the side of too much security and the business will err on the side of too little security. Both conditions are problematic.
- Without a firm foundation on the true technical risks the security and business groups will be at odds with each other and with CMS and IRS in the future. Lack of foundational analysis will set the stage for a constant rehash of the issues.
- The State of Oregon was given an "Early Innovator Grant" with the understanding that new ground will be broken in many areas. The Federal government expects to be challenged and also to learn from the experiences of the innovator States. These experiences help to shape policy, best practices or federal guidance. The security issues above are very good examples of a new area that will benefit from thoughtful analysis that can be shared with the Federal government and other states going forward.
- Federal regulations require Cover Oregon to comply with HIPPA requirements due to the PMI information CO will be gathering and sharing through the exchange. Failure to comply with these requirements could result in sizeable fines and/or shutting down the exchange

Recommendation:

- Request a formal report from the Federal entities on their risk analysis that supports any position they may currently have. Have this report reviewed by an outside security firm that is skilled in balancing security and usability for government and ecommerce systems.

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Cover Oregon Response: The state is working on this report with the support of Cover Oregon.

- (In process) Hire a national security firm to conduct research and a security risk analysis that is limited to the scope of the items identified in the findings above. This analysis can then be used to adjust the system security controls prior to, or after the launch if required.

  Cover Oregon Response: Cover Oregon will take this into consideration

- Release the research and security risk analysis results to CMS and other states as a model of how to balance security and usability for Health Insurance Exchanges going forward.

  Cover Oregon Response: Cover Oregon needs to hire a Security Officer who will ensure all required policies and procedures to meet the HIPPA requirements are completed. By working with the state, the Security Officer will validate Cover Oregon meets all HIPPA requirements prior to "go-live" and has the ongoing reviews, validations and audits required to ensure continuing compliance with those same HIPPA regulations.

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Att G: Scope Management and Product delivery (Feb 2013 Finding)

Cover Oregon Response: Cover Oregon has deployed a business-driven Scope Management process that supplements original scope management work that began in August 2012. The basic process includes:

- A recurring meeting that includes a cross-organizational team of executives and decision makers.
- An information-based approach that considers mitigation opportunities through: (1) reducing/delaying scope; (2) increasing development capacity, and; (3) expanding the development timeline.
- A regular update and evaluation of scope delivery metrics that allows immediate adjustments and additional actions to be taken.

The results of this process have been positive. The team realizes that there is still considerable risk that must be managed. The following changes have occurred so far:

- Technical interfaces have been reduced from 62 to 39 -- a 37% reduction in interface scope.
- At-risk Medicaid data exchange scope has been managed through communication of a "must have" 4/1 date for completion with planned work-around by Cover Oregon if not delivered. Expectations for what will be delivered on 4/1 were clearly articulated to OHA partners.
- Less than 2 months ago, Maximus estimated that the functional scope was 5 months behind with development work (including merge and rebase; the most recent estimate is approximately 30 days.
- Foundational services scope, while still a struggle for Cover Oregon to affect within OHA/OIS, has seen progress and is now integrated into the functional scope dependencies and management process.

In addition to the work mentioned above, other practices have been deployed to expedite scope issue resolution and decision-making. A 3 x weekly "Scrum" call provides cross-functional issue resolution and tracking with the JIRA system. Most recently, a 3x weekly Development Blocker Resolution meeting was deployed and deemed successful by all involved. Cover Oregon has carefully considered the input provided by Maximus and remains open and attentive to the high quality assistance that has been provided on this project. Cover Oregon also realizes that continued focus must be applied to scope management to navigate toward a successful 10/1/2013 launch date.

Findings (at the time of writing March 10, 2013):
CO and HIX-IT has identified ~135 use cases that will need work/development in Iteration 17 (I17), slated for March 1st to May 1st. The 135 are categorized as follows:

- 29 use cases are expected to be carried over from I16 for additional work based on dependency's to be completed in I17, i.e., interfaces, MDM, etc.

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- 24 use cases are considered updates from previous iterations.
- 79 use cases are considered new use cases
- 3 Use cases are TBD

- The CO scope strategy is to do the following:
  1. Have ORACLE give a preliminary (swag) Level of Effort (LOE), i.e. man hours for the ~135 use cases identified for Iteration 17 (I17) slated for March 1 to Apr 30th .

  Cover Oregon Response:
  34 use cases were carried over from I-16 work not completed not 29 use case
  34 use cases are considered updates from previous iterations
  67 use cases are considered new use cases

  4 use cases were not labeled out of the 139 total use cases in I-17

- **Cover Oregon Response:** Oracle has provided Cover Oregon a preliminary level of effort (LOE) to provide some rough order of magnitude estimate of scope issue; more refined LOE estimates were planned and have been delivered by Oracle.

  2. As part of this process CO wants ORACLE to identify where increasing capacity (development resources) can increase the through put of use cases. Oracle has been authorized to add 21 resources by OHA.

- **Cover Oregon Response:** Oracle has received approval to onboard 29 resources. As of mid-March all but 3 resources have been on-boarded. Per Oracle, the onboarding build-up was considered in their capacity estimates that were delivered. All roles reviewed and approved by the State.

  3. CO will then make cuts based on what ORACLE says their swag LOE is and proposed capacity estimates can be for I17. Note: This still may require an additional iteration or iteration subset to complete, i.e., 1 to 2 more months; this additional iteration subset is currently being called I17a.

- **Cover Oregon Response:** Cover Oregon reviewed and modified the Oracle proposed scope management plan based on business need; Maximus has participated in the scope management meetings and was aware of this approach. It was not a one-time-only event based on initial estimates.

- Mapping the previous, current (planned) and outstand use cases per iteration produced the following :
  - I14 41 use cases
  - I15 48 use cases
  - I16 62 use cases (planned)
  - I17 135 use cases (outstanding)

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- CO currently views it's the organization as centered around two core lines of business (individual and SHOP) The CO organization is loosely organized around these vertical lines of business.

- **Cover Oregon Response:** Cover Oregon understands the various lines of "vertical" business and has organized much of their business and technical delivery by separate business lines. Maximus's opinion of how Cover Oregon views as their business is speculative and misrepresents how the project is organized and executed.

Risks:

1. Without a more vertical view of the service lines and functional components of the Exchange it will be difficult for Management to coordinate the delivery of the exchange releases and focus future development and enhancements around specific target metrics. The current cross functional management of the development, operations, delivery and marketing make it extremely challenging to ensure that all components are "linked and synced" for delivery. Typically, in the private sector, service lines/products are looked at from a vertical perspective and each vertical lines of business will have aLine Manager. The Line Manager typically "owns" the product in the sense that he/she is responsible for delivering the product from a Product Development Lifecycle (PDLC) perspective. A typical PDLC starts with conception and ends with the retirement of the product or service. For example, a typical PDLC may include conception, requirements gathering, market research, feature development, testing, delivery, upgrades, revenue and budget management, operations and maintenance, and finally product retirement. A Line Manager is typically matrix function across these functional areas to ensure that all components are properly coordinated for successful launch and operation of the service or product.

- **Cover Oregon Response:** Having a fully vertical model versus a more general model is a decision made by organizations and characterizing it as "typical" is not accurate. This model could be problematic as a new company such as Cover Oregon establishes itself. Recommending that Cover Oregon immediately integrate into a hard vertical organization structure could be disadvantageous for a company that is still constructing its initial business.

2. Without a more integrated vertical view of the Exchange, Management may be in a position whereby they can only do a wholesale push of the delivery date in some incremental fashion (week, month or iteration). Typically, these types of launch slip decisions are based on limited information and subsequent slips tend to happen.

- **Cover Oregon Response:** Cover Oregon is working toward a 10/1/2013 go-live date. This date is federally mandated for both SHOP and Individual lines of business. Unlike in other typical internal IT projects, date slippage is not an option for Cover Oregon. This hard date is a key driver in the scope management process.

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Further, wholesale schedule slips may result in a throttling of marketing to the public, i.e., if the delivery date messaging has to adapt to the continued slips in the launch of the system the organization will become reticent on aggressively marketing the Exchange in the midst of negative publicity. If the organization begins to throttle the messaging it can potentially negatively affect the pre-enrollment numbers (domino affect).

3. The outstanding use cases currently out weight the previous iterations by more than twice. Continued technical analysis will produce more accuracy and precision as time passes, however, the widow is limited and the longer the analysis takes the less time will be available for the business to make strategic decisions other than doing a wholesale delay of the launch.

- **Cover Oregon Response:** The Scope Management team is receiving a weekly update of user case development progress providing the Cover Oregon executive team to make quick analysis and adjustments as necessary. Cover Oregon, working with Oracle and HIX IT, is using information to guide its decisions.

4. Performance for past iterations is not relevant for the I17 iteration. For example, the previous iterations have always had the luxury of a follow on iteration. In previous iterations, issues or incomplete items could be rolled forward into the next iteration, so the complexity of the use cases that are "carryover" or "updates" will probably be increased for I17. In addition, the final Iteration will require the connection of use cases to the Foundational Services components.

- **Cover Oregon Response:** Stating that something "may or may not happen" is a safe bet for anything that has not already occurred. Lessons learned from I-15 and I-16 are expected to be valuable in estimate I-17 performance. Unlike in past iterations, weekly updates to progress are provided and monitored at the scope management meetings.

5. The scope reduction strategy of trimming all service offerings (Individual, SHOP and Medicaid) of functionality equally (generally) may result the quality of the exchange experience and functionality being diminished across the entire site.

- **Cover Oregon Response:** Cover Oregon is focused on mandatory scope that delivers a solid user experience. Cover Oregon has also begun its "Version 1.x" and "Version 2.0" and beyond process to begin developing its post 10/1 product implementation strategy.

6. The current scope management strategy being employed is a technical based approach which leads with technology and capacity instead of a business based approach. Having one without the other is an incomplete risk assessment process. This strategy is considered back loaded because the hard business decisions are to be made once the technical analysis is available, i.e., toward the end of the final iteration.

- **Cover Oregon Response:** Cover Oregon is driving the Scope Management process while including Oracle and HIX-IT/OHA in the discussion to best understand the impact of its

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decision. Based on this information, Oracle provided a straw man proposal that Cover Oregon modified to best fit its business need.

7. The current scope management strategy does not take into account the work that is currently happening in operations and how operations will need to adjust to any significant last minute changes in scope. Operations will have to react to the late scope deferment decision, which may happen after they have resourced and planned their processes. They (Operations) will have to potentially re-resource and re-plan just prior to their training.

- **Cover Oregon Response:** The scope management team includes the Cover Oregon Chief Operating Officer. The Operations team is made aware of scope issues on a weekly basis at the Matrix team meetings. Based on best-known information, CO makes needed decisions with full input to the Scope Management team.

8. Detailed LOE estimates will be difficult until late in the iteration. Most likely, Oracle will find the average LOE from the previous iterations for use cases and apply them to all use cases in I17 for the initial swag estimate. This swag will provide some information, however, it will not be as precise as CO would like and may lead CO to falsely assume that all work can be accomplished.

- **Cover Oregon Response:** Based on review of delivered use cases and UI, Oracle delivered revised LOE and Capacity estimates to Cover Oregon on Tuesday, March 12, versus late in the iteration as suggested by Maximus.

9. In addition to the above, CO has only asked ORACLE HIX-IT development team for LOE and not OHA/OIS Foundational Services. So the LOE that will be given will be void of important dependency information. OHA Foundational Services is a significant risk factor given the lack of transparency, schedule and communications from these groups.

- **Cover Oregon Response:** LOE and Capacity estimated from Foundational Services (FS) are not available at this time due to the lack of information available within this scope area that resides within OIS/OHA. FS was invited to participate as part of the scope management team and CO scope management will encourage delivery of its LOC and Capacity as soon as it is available.

10. The capacity increase provided by ORACLE will also take time, for example it will most likely take 30 days to have resources on the ground from when an authorization is approved. It will also take the resource once on the ground, a minimum of a week to get up to speed. This would mean that the new resource would then only be effective for 6 of the 8 weeks of I17.

- **Cover Oregon Response:** Oracle received approval to onboard 29 additional resources. Onboarding began in February with the majority of the resources on-boarded by the week of March 25th. Per Oracle, the onboarding build up process was considered in the capacity estimates it delivered to Cover Oregon.

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11. OHA business is a dependency for a significant portion of the CO Medicaid business line. The assumption is that keeping Medicaid in scope for Release 1 with scope reductions on all of the business line (Individual and SHOP) that CO will get the Medicaid piece. The risk with this logic is that the CO Medicaid business line is fully dependent on OHA Medicaid business and IT which have a different delivery schedule.

- **Cover Oregon Response:** Cover Oregon sent an email to the OHA Director stating its concern with lack of progress on the Medicaid scope delivery. Since that letter was sent, a meeting occurred that outlined a Cover Oregon acceptable solution that is on track for delivery by 4/1. Cover Oregon confirmed that it can go live on 10/1/2013 with the interim solution with little quality risk.

12. Reliance on an additional iteration (I17a) to be "squeezed" in for the Oct 1 is problematic. Development delivered past the I17 (April 30th) deadline will begin to encroach on a reduced (tight) testing period for the Exchange. Trying to include another iteration (I17a) for the Oct 1 release is risky given the already compressed testing window. Employing this type of strategy with immature organizations (CO and OHA) is very risky. This type of uncertainty of the final operational environment can negatively affect operations, training, marketing, and deployment schedules, further increasing the risk for a low quality launch.

- **Cover Oregon Response:** Cover Oregon, with input from the scope management team, is managing this period carefully and prioritizing work in this area.

13. Deferring scope and finalizing development in I17 will still leave the schedule tight. It is considered a high risk to plan tight timeframes with such immature organizations. Without ample slack in the schedule, CO may have to continually adjust their messaging and communications to update their final progress when deadlines slip.

Cover Oregon Response: As is discussed daily on the project, the schedule is very tight and risky. Even with finalizing development by 4/30, there is still overlap between SIT, UAT and Performance testing. CO is confused by any mention of "ample slack" in the schedule since the 10/1/2013 date has been seen as overly aggressive and unreasonable for an extended period. The highly aggressive schedule has been recognized by the LFO and reported by the LFO to the Legislature as unreasonable. CO is managing scope to implement its mandates and mitigating risks when possible.

14. The system will be available for end-to-end viewing with the security enabled for the first time at the end of I17 as the testing phase begins (May 1). This first view of the complete system will most likely need significant tweaks and potentially, substantial rework. The developers will be focused on these items for quick turnaround. Including a I17a Iteration with the expectation it will be released on Oct 1 will further exacerbate this stressful and compressed schedule.

- **Cover Oregon Response:** The Oracle development team has been increased for additional work. This capacity increase accounts for development staff to work defects that are uncovered during testing.

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Recommendations:

1. As the Organization matures CO should consider further vertical integration of the Exchange Lines of Business (LOB)by establishing Line Managers that are responsible for the PDLC for their respective areas, roadmap prioritization and meeting target metrics and business objectives.

This deeper vertical view of the exchange will also assist with product and feature prioritization for subsequent releases of the Exchange and .

- **Cover Oregon Response:** Cover Oregon will take this recommendation into consideration given the feedback provided above.

2. Using a business risk based approach coupled with an LoB view of the Exchange, alternate or enhanced strategy's for scope reduction can be developed. Example risk factors could be:

- Legal compliance
- Political (National and State)
- Business priorities (Individual, SHOP, Medicaid, Agents, Community Partners)
- Quality (Overall, Individual, SHOP, Medicaid, Customer Service)
- Enrollment Numbers (Individual v. SHOP v. Medicaid)
- Priorities within the business line and Customer Service
- Dependencies (OHA, Foundational services, Carriers, etc.)

a). A test can then be set up by the business to aid in strategic decision making, in parallel to the LOE estimates being created by ORACLE. As an example each business line (Individual, SHOP and Medicaid) and functional areas (Community Partners, Agents, Customer Service) can run through a simple priority test to determine their ranking relative to each other.

1. Does CO think this line of business or functional component to be a CORE compliance item for Oct 1st? (worst to best rating 1,2,3 etc) An example of this would be payment. Is payment required to be delivered in the pre-enrollment period?

2. Does CO think they can weather the political implications of not deploying this line of business or functional component in an automated fashion on Oct 1 nationally? (worst to best rating 1,2,3 etc)

3. Can CO weather the political implications of not deploying this line of business or functional component in an automated fashion on Oct 1 on a state level? (worst to best rating 1,2,3 etc)

4. Does CO deem this line of business or functional component a core automated component of the exchange (Business priorities)? This can be weighted by any number

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of metrics, for example, revenue, mission, enrollment, etc. and each can be assigned a priority 1,2, 3, 4, etc.

5. Is this line of business or functional component dependent on areas or groups outside of the control of CO? (least to most rating 1,2,3 etc)

In the above example, items with the lower scores would be the highest priority business lines and functional components.

Note: one way to make this analysis extremely effective is to not allow any answer to be rated the same across the lines of business or functional components. For example, in question 1, none of the lines of business can have the same rating, i.e. 3 lines of business, 3 distinct rating values (1,2 and 3). This "rack and stack" methodology is difficult to do, but can give a very clear and sometimes a surprising picture of the business priorities. In addition, the teams should be encouraged to challenge any and all assumptions in the process. Typically, doing this will provide new insight and thinking on how problems are perceived and dealt with.

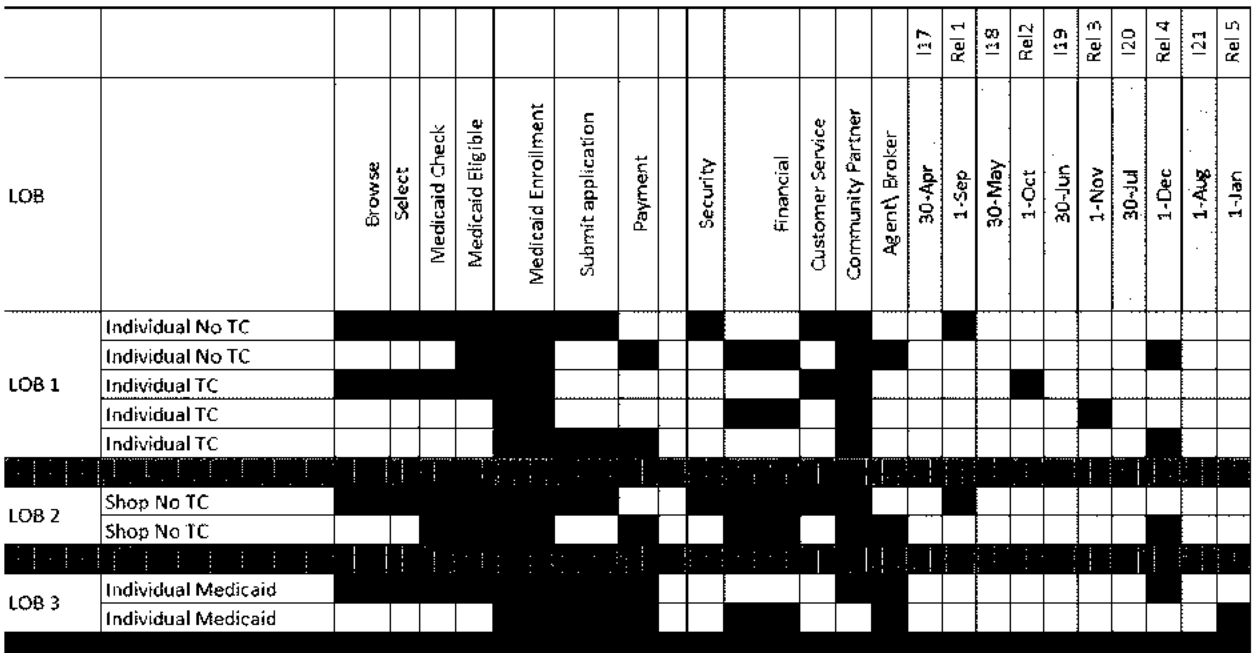
b). Once the lines of business or functional components are prioritized, an analysis can be made within each line of business of the key functionality in a similar manner.

This information can then be matched against development capacity and be used to plan what functionality should made manual (workaround) until an automated solution is available or deferred until a later date. See figure 1. for a rudimentary feature release product plan.

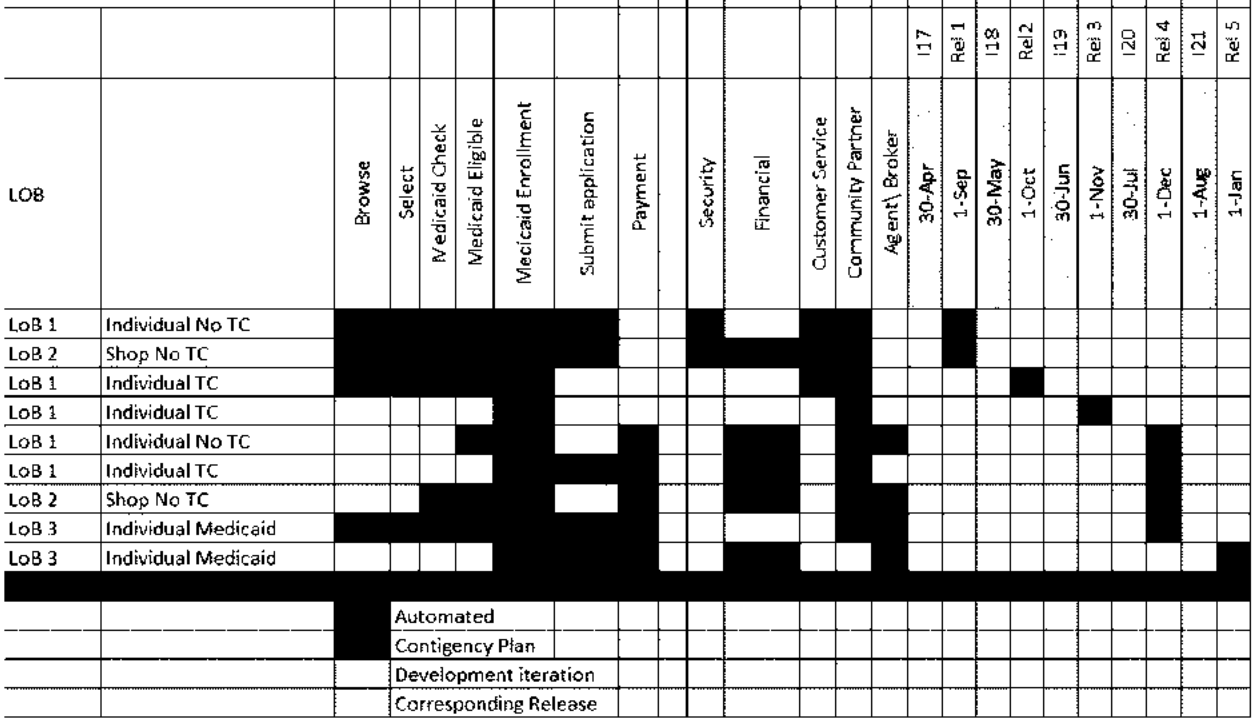
- **Cover Oregon Response:** Cover Oregon will take this recommendation into consideration given its feedback noted above.

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Sorted by Line of Business (LOB)



Sorted by Release Date



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3. For all functionality that is not under the control of CO, a contingency plan and trigger date should be established. For example, the CMS hub interface for user identity validation is not fully defined and does not have a delivery date from CMS. CO should identify the last point in time this interface can be reasonably delivered for inclusion into the Oct 1st release.

- **Cover Oregon Response:** Cover Oregon will consider this recommendation.

4. There will be more that 17 Iterations in the life of the Exchange. However, not all iterations will be directly linked to the Oct 1 release date for all LoB's. Typically, in mature and disciplined organizations, a single iteration or groups of iterations are assigned to a specific release. For example, in the case of the Exchange, Iteration 17 would be linked to the first release of the Exchange (Oct 1). A follow on iteration (18) could be linked to the next release in either Nov or Dec. Then iteration 19 could be linked to the next release in Jan or Feb of 2014, etc. This cycle is expected and to halt development on Iteration 17 and or to create a 17a for inclusion in the Oct 1st release is unrealistic, confusing and counter-productive.

- **Cover Oregon Response:** See feedback provided above by Cover Oregon. Cover Oregon is currently building a process for future minor and major production releases.

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Oregon Health Insurance Exchange Corporation (ORHIX) / Cover Oregon (CO) Monthly Quality Status Report

May 2013

Deliverable #2.3.k

Draft

Dated: June 11, 2013

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SECTION 1: Introduction

Cover Oregon (CO) recognizes the value of an independent, third-party formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

1. **Initial Risk Assessment** - identification of initial risks facing CO
2. **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
3. **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of March, 2013. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.

Since July 2011, the Oregon Health Authority (OHA) has led the design and implementation of the Health Insurance Exchange – Information Technology (HIX-IT) solution, building upon the Oracle products and Enterprise architecture envisioned by the State of Oregon.

SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. In other words, progress in some areas since last month is offset by the fact that there is one less month until the federally mandated deadlines. Additionally, each rating category will carry a different relative weight when assessing the overall risk level of the effort. For example, while 10 out of 16 Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule", and "Inter-Org Coordination" remain high (red), which drives the overall high (red) risk assessment.

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally. For example, in order to meet the federal requirement that the Exchange be up and running by January 1, 2014, the system must be completed and ready to accept enrollments by October 2013. This is clearly a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is evolving rapidly and was dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of May, including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO continues to make positive and significant progress towards the launch of the Oregon Health Insurance Exchange. The organization has and continues to demonstrate flexibility and creativity in dealing with this complex and evolving landscape.
- CO/OHA/ and DHS are continuing to meet and work through the business processes and decisions. Progress is slow but moving in the right direction.
- CO has reduced scope for the Oct delivery and has deferred non-core components to later releases. CO has also added 20% slack in the schedule.
- CO continues to add development staff in an effort to incorporate as much scope as possible for the Oct release.

The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

Table 1: Summary Quality Standards Scorecard

Quality Rating Category	*QA Risk Level*	*Priority QA Recommendations*	*CO Risk Level*	*CO Response*
OVERALL HEALTH		• See below for specific priority recommendations. • Continue to review, update, and track all outstanding quality risks and recommendations.		• CO agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue
Business Mission and Goals		• CO is creating a system Launch plan. This effort is intended to synchronize the development, business operations and marketing efforts for the initial launch. • CO is to have a business operations review with Oversight in June focusing on the business operations component of the Exchange. I is expected that the Medicaid component will be detailed at this event.		• Agree • Medicaid partner to co-present at this meeting.
Roadmap	***Med***	• The roadmap for the first release will be in flux until final development sizing for the remaining iterations are completed. This work is expected to continue into the final iteration. • A roadmap business case process has been instituted. The process is new and the business cases are rudimentary/ It is expected at the process matures the business cases will follow suit.	***Med***	• CO agrees with this finding. The list of open issues is shrinking rapidly. • Agree
Scope		• See attachment G (updated). • The Scope for the first release will be in flux until development sizing and dependency identification and		• CO defers scope prioritized on the consumer eligibility, shopping and enrollment

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		prioritization is complete for the final iterations. • CO should establish and enforce formal trigger points and hold to these dates for OHA Medicaid system development and business units.		processes. Scope management is being extremely closely managed. • CO established trigger points and will implement Medicaid assessment fallback option. CO will continue to assess viability of Medicaid enrollment interfaces.
Schedule		• Develop and publish schedule variance reports for all three schedule components (HIX-IT, FS and CO). These variance reports should be used to identify estimation issues and minimum slack requirements in future scheduling activities. • Continue working towards a integrated and resource loaded schedule for HIX-IT and OIS foundational services. • Continue to identify project dependencies and critical paths.		• CO will continue to manage the schedule as outlined in the schedule management plan and will continue to employ documented scope management processes
Budget	***Med***	• CO is contracting directly with ORACLE and other vendors as part of the transition. • The transition from OHA to CO for the IT component was abrupt since the original IAPDU anticipated follow on funding. MAXIMUS will review the budget in the June assessment to determine the impact on this to CO's budget.	***Med***	• Agree • Two separate projects with Stand Alone budgets. Working with FEDS to address any potential shortfall.
Funding		• CO has secured $226 million in Level 2 funding for the Exchange.		• Agree
Board Governance		• The CO Board meets on a regular basis and receives updates from Executive Director and his staff on salient business, IT and stakeholder topics.		• Agree

Inter-Org Coordination		• Formally provide clear dates to OHA business and OIS for the near term expectations for Medicaid requirements, and MMIS system interface architecture approach and delivery. • Without proper coordination among OHA/DHS and CO policy and business operations it will put CO in a difficult position with respect to planning the operational procedures for Medicaid processing. • Cover Oregon dependence on OHA/DHS system and staff readiness is problematic. OHA/DHS are older institutions and may not be as flexible as CO to change. The pace of change may not be achievable based on their size and org structure.		• Agree clear expectations and requirements are key. Cover Oregon is ensuring these are expressed to OHA OIS and leadership. • Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon is vital to planning the operations for Medicaid processing. Leadership has elevated key issues to OHA leadership to respond to outstanding issues. • Agree – this is why Cover Oregon took over their technology development.
Org Management		• The organization is growing at a very quick pace. CO seems to be adapting and managing the growth well.		• Agree
Human Resources	***Med***	• It is imperative that final scope is sized correctly and development can deliver against this scope with full confidence for the Oct delivery. Additional resources may be needed in Operations if IT system scope is reduced and functions need to be launched manually.	***Med***	• Agreed and finalizing scope deferral will help Cover Oregon address potential need.
Stakeholder Management		• Continue proactive outreach and stakeholder communication is key as final scope and roadmap are refined.		• Agree
Communications	***Med***	• As the final scope is defined the initial launch expectations may need to be reestablished with the various stakeholders. • MAXIMUS expects that additional changes may occur as development estimations and testing is accomplished. The communication of these	***Med***	• Agree – this is currently taking place • Agree – work is in progress

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		changes will need to be managed with the stakeholders and public.		
Project Management		• Without sufficient slack in the schedule (based on past variance) the plan for the final iterations is optimistic. See Att G (updated) • 100% of the requirements for the Oct delivery need to be finalized by 6/10/2013. If any requirements are outstanding after this date additional scope reductions should be considered. • Lack of scope and requirements finalization is pushing development and testing on top of each other right before launch which will greatly increase the coordination complexity of the final delivery. • See attachment B Detailed reporting and tracking.		• Final iteration estimates are based on 20% slack due to past performances and a 10% dependency. CO will continue to employ scope management should 20% slack not be adequate. • 100% of requirements including Customer Service TBD will be finalized by 6/10. • CO agrees that additional coordination is needed considering developing scope/requirements. • CO is measuring progress through use cases and LOE.
Contract Management		• CO is working to implement deliverable based contracts.		• Agree
Product Content		• See attachment F Risk Analysis for Security Approach. • See Att A and D		• Attachment A: Cover Oregon has implemented a framework that balanced usability with security – CMS endorsed. Attachment C: Scope management process is already in place. Attachment D and G: Cover Oregon has mitigated risk and no wrong door through summits, leadership assessments and scope management.
Testing		• The ORACLE testing consultant has made significant inroads into the testing process and planning.		• CO is now managing entire testing effort and is increasing level and detail of test reporting.

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	[redacted]	• ORACLE Unit/Build testing results should be reported out in the scope management meeting as part of the development effort. It is important to understand the status of the system as it leaves development and as it enters the SIT testing environment. • The BA's should be able to review the system prior to it entering SIT testing. This review, if managed properly, could save significant testing time if the system if not generally in-line with the development objectives. • OHA System Integration Testing is scheduled to significantly overlap CO User Acceptance Testing due to the already tight schedule.	[redacted]	• CO agrees BA's will be able to review system prior to SIT 2 • CO is taking over SIT and will closer coordinate the parallel aspects of testing.

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Table 2: QA Risk Level Tracking

Quality Rating Category	July '12	Aug '12	Sept '12	Oct '12	Nov '12	Dec '12	Jan '13	Feb '13	Mar '13	Apr '13	May '13
OVERALL HEALTH											
Business Mission and Goals			M	M	M	M	M	M	M		
Roadmap		M	M	M	M	M	M	M	M	M	M
Scope											
Schedule											
Budget	M	M	M	M	M	M	M	M	M	M	M
Funding	M	M	M	M	M	M					
Board Governance	M	M	M								
Inter-Org Coordination											
Organizational Management	M	M	M	M							
Human Resources	M	M	M	M	M	M	M	M	M	M	M
Stakeholder Management	M										
Communication	M	M	M	M						M	M
Project Management			M	M	M	M	M	M	M		
Contract Management	M	M	M	M	M	M	M	M	M		
Product Content											
Testing			M	M	M	M	M				

SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of May, 2013.

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Section 4: Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. At the client's request, unique numbering has been introduced for both risks and recommendations, to assist in tracking. For example, risks in the Business Mission and Goals section of the report can be identified as Risk-BMG-1, Risk-BMG-2, etc. Recommendations can be similarly, uniquely identified. The integrity of the numbering will be preserved during future reports.

Table 3: Detailed Quality Standards Scorecard

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Quality Rating Category	*Apr 2013*	*May 2013*	*Risk Assessment Finding, Risks, and Recommendations*
Business Mission and Goals (BMG)			
			Findings During Period: • CO is creating a Launch Plan. This document is expected to further detail the various exchange functions and plans for the first release of the exchange. • The business mission and goals between OHA and CO are not fully aligned with respect to Medicaid. Work is being done in this area and significant progress is being made, however, the cultures and timelines are different. CO has formally notified OHA of their expectations, trigger events and dates they will use to determine if a contingency plan must be implemented for the Oct 1st release. IGA's are expected to be in place between the two businesses by Jun 15th of this month. • CO is to have a business operations review with Oversight in June. It is expected that additional Medicaid operations will be available in the review. ***Risks:*** **1.** Closed **2.** Without clear understanding, communication and alignment of the deadlines and priorities for the Oct 2013 release between the business units (CO, OHA) may result in delayed launch for Medicaid. **3.** Without a detailed launch plan, coordination of IT, OPS and Marketing may not be in full alignment for the launch window. ***Recommendations***: **1.** Closed. **2.** Closed. **3.** Closed. **4.** (In process) Update the detailed business model for the Exchange. Document in detail all relevant assumptions, risks, constraints and contingency plans. Update in detail, all revenue projections with justification of why they are valid. Update, in detail all costs with justification of their validity. This information should be used to model and determine long-term sustainability in a variety of circumstances. This information should be appended to the updated Business

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			Plan. This plan should include Medicaid "take rates" for the electronic exchange, as well as references to source materials. **5.** Clearly identify the business roadmap and ensure that it is connected with the business modeling and Business Plan. **6.** Closed. **7.** Closed. **8.** Closed **9.** Closed **10.** Finalize the IGA's with OHA concerning Medicaid operations by the target date of June 15th.
Roadmap (RM)	***Med***	***Med***	
			Findings During Period: • A roadmap business case process has been instituted. The first business cases are rudimentary and it is expected as the process matures that more sophisticated analysis will be provided with the business case. • The roadmap for the first release will be in flux until all dependencies and development efforts are fully identified and properly estimated. Additional scope may need to be deferred as a more detailed level of effort is provided. See Att G. ***Risks:*** **1.** Without a clear, comprehensive, and authoritative description of the Exchange roadmap, the project will likely continue to have incomplete data for future budgeting and unclear project priorities. **2.** Closed. **3.** Closed. **4.** Closed. **5.** Without a roadmap projection beyond 2013 will be difficult to do development budget projections for future grants and operations and development. **6.** Without a process for determining the roadmap priorities it will be difficult to determine what features will have the highest impact of CO target metrics. ***Recommendations:*** **1.** Closed. **2.** Closed.

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			3. Closed. **4.** Create integrated prioritized roadmap to communicate with the HIX-IT project, CO staff, CO Board of Directors, and other stakeholders how the CO metrics will be achieved. **5.** Closed. **6.** The process for developing the roadmap(s) should be documented so that it can be evaluated by stakeholders prior to getting deep into the process. Also, all underlying assumptions should be articulated in the process so they can be agreed upon by executive management. **7.** Finalize the near term functional roadmap, including a high-level schedule of required functionality, and prioritized features. **8.** Closed.
Scope (SCP)	[redacted]	[redacted]	
			Findings During Period: • Scope "lock down" and scope sizing continued through the through the final iteration. See attachment G for further details. • See Attachment C Contingency Planning. CO has established formal trigger points with respect to the Medicaid interface. • The Work Breakdown Structure (WBS) and project schedule is being updated and maintained on an ongoing basis. • CO continues to refine the WBS for its programs. This process seems to be very valuable to the Organization and Executive Management. • Currently, a cross functional view of the Product Development Lifecycle (PDLC) does not exist and clear connections between development, operations and marketing are lacking. ***Risks:*** **1.** Closed. **2.** Closed. **3.** Closed. **4.** Closed. **5.** Without clear milestones, tasks and checkpoints for the Scope lockdown CO may be presented with surprises and tough decisions at the end of the final Iteration with respect to Scope deferment. **6.** Without formal trigger points for Medicaid Interface system development and communication of

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			these trigger points to OHA OIS the development may languish beyond timeframes that are realistic for the inclusion into this release. If the expectations are not clear to and from OHA and CO on the development approach and business operations on a date certain it will affect, testing, training, and operational execution of the exchange. **7.** See Attachment G (updated) ***Recommendations*:** **1.** Closed. **2.** Closed. **3.** Closed. **4.** Define and implement clear project management processes and controls for maintaining the CO WBS, including "rolling wave" elaboration of near-term work. See the Project Management Section of this report for more details on this topic. **5.** Closed. **6.** Clearly define all status and oversight reporting requirements and expectations, including those from Department of Administrative Services (DAS), Legislative Fiscal Office (LFO), and Joint Committee on Legislative Audits and Information Management and Technology (JCLAIMT). Verify that all HIX-IT fiscal budget note items are adequately addressed. **7.** Closed. **8.** Closed. **9.** Develop and formally communicate the expectations and contingency plans to OHA, see Attachment C. **10.** Closed. **11.** Continue to work with HIX-IT, OIS Foundational services and Deloitte, to align with their respective WBS documents. **12.** Continue to integrate the use of the Schedule (and underlying WBS) into the day-to-day management and planning of the project. This will ensure that these documents are useful and accurate. **13.** Closed. **14.** Develop clear milestones, tasks and checkpoints for the Scope lockdown and sizing for the final iterations for the Oct 1 release. This was to happen in February and not completed, and is therefore spilling over into the final iteration. This is problematic since it will affect System Integration Testing which will affect User Acceptance testing (UAT) and the final release date. This effort has a cascading effect on the schedule and may begin to affect other assessment metrics negatively. **15.** Closed

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			16. CO should establish formal trigger points for OHA Medicaid system development and business units and these trigger points should be communicated to the OHA staff and Director to ensure the appropriate focus applied to meet the deadlines for the project. Care should be taken as to not let these trigger points languish. **17.** See Attachment G.
Schedule (SCH)	[redacted]	[redacted]	
			Findings During Period: • The HIX IT and CO teams continue to meet and review the HIX-IT Schedule. • A variety of significant gaps still exist in the HIX-IT WBS that are dependencies for CO and vice versa especially in the areas of foundational services. • Both the HIX-IT, foundational services and the CO schedules lack baselines for variance measurements. • The HIX-IT, foundational services, and CO schedules do not have a common methodology for tracking and identifying dependencies, critical paths, work completion, variance, resourcing, etc. The teams are meeting and working through these issues. • The lack of reliable estimating by HIX-IT, undiscovered development issues and incomplete requirements by CO will result in continued surprises to CO throughout the project. ***Risks:*** **1.** Without a clear understanding of the HIX-IT project schedule, including the activities and tasks specifically assigned to CO, there is a risk that the project will not be completed on schedule. **2.** Closed. **3.** Closed. **4.** Closed. **5.** Without clearly defined dates and features formally provided by Cover Oregon to HIX-IT it will be impossible for HIX-IT to define a complete development schedule to present to Cover Oregon. Relying on the iterative or "progressive elaboration" approach without a comprehensive estimation process in OHA foundational services and the Modernization project, will most likely result in continued surprises and missed delivery dates. **6.** Closed. **7.** Without clearly linked schedules between CO, foundational services and HIX-IT the project will suffer from confusion and misaligned expectations and missed deadlines. **8.** Without a clear understanding of the Foundational Services level of effort (LoE) and the

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			integration of foundational services with the HIX-IT project, CO may not meet their business objectives. ***Recommendations:*** **1.** Develop a single, comprehensive, authoritative and baselined schedule for all non-HIX-IT CO work, using the WBS described in Scope Section of this report. This schedule must include *all required activities and tasks* (at least at a high-level), as well as all durations, resources, and dependencies, required for the successful implementation and operation of CO and the Exchange. Clearly define assumptions, dependencies and constraints. **2.** Closed. **3.** Closed. **4.** Define and implement common project management processes and controls for maintaining the schedule across OHA and CO, including "rolling wave" elaboration of near-term activities, baselining, variance tracking, resource loading and common reporting of project progress and status. Ensure that all the schedulers are using a common methodology for estimating work, tracking progress and variance, identifying critical path and dependencies in the schedules. See the Project Management Section of this report for more details on this topic. **5.** Closed. **6.** CO should formally define their expectations to HIX-IT with respect to features and timeframes for product delivery. This formal process will allow HIX-IT to develop a delivery schedule that can be presented back to Cover Oregon for review and analysis. CO should memorialize these items in a short term and long term IGA document. **7.** Given the difficulty in estimating the development work across the foundational services and other projects within OHA, CO should embed sufficient slack in its schedule (on the order of 40+ percent). CO should continue to monitor the IT delivery deviations including the completion of use cases, testing platforms, standing up of environments, on boarding staff, and product delivery. These deviations should be reported to CO Executive staff in the weekly or monthly reports by CO CIO. As OHA OIS foundational services and HIX-IT improves their ability to estimate dates and level of effort CO can begin to reduce the slack in its schedule. **8.** Consider independent QC of the Schedule. **9.** Closed. **10.** Baseline pieces of the schedule and track for variance. **11.** Consider tracking Earned Value Metrics. **12.** Closed. **13.** Formally baseline the schedule, including CO, HIX-IT, Cognosante, Deloitte, and foundational

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			services.
Budget (BGT)	***Med***	***Med***	
			Findings During Period: • The new multi-instance approach of the ORACLE software will have an impact to the current and future budget of the organization. • Significantly increasing ORACLE development and testing staff to complete the first release will have an overall impact on the budget. ***Risks:*** **1.** Closed. **2.** Closed. **3.** The lack of fully elaborated, integrated and baselined WBS and schedule raises the risk that the project scope, schedule, and therefore costs are not clearly understood. As a result, the budget is most likely inaccurate. **4.** Changes in architecture approach and SIT testing will affect the budget of the organizations. **5.** The addition of unplanned development resources to achieve the outstanding scope will increase costs in the budget in the short term. ***Recommendations:*** **1.** Document and implement a budgeting process for CO. This process should include the tracking of assumptions and dependencies. **2.** Update the budget projections for CO. Ensure the Budget projections are aligned with the roadmap items that will be established. **3.** CO should work with OHA to jointly review cost allocation methods, estimates of future expenditures, and associated financial controls. **4.** Closed. **5.** Request formal, comprehensive documentation of all relevant cost allocations by OHA to CO, including indirect overhead and foundational service costs. These items should be reviewed at regularly scheduled monthly budget meetings. **6.** Closed. **7.** With the advent of the multi-instance approach being taken by CO and OHA a budget reevaluation should be conducted to determine the budget impact of this decision. **8.** With the addition of ORACLE resources to complete the development and testing of the Exchange

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			a budget reevaluation should be conducted to determine the budget impact of this decision.
Funding (FND)			
			Findings During Period: • CO has received $226 million in Level 2 funding. Approximately $90 million is for IT. ***Risks:*** **1.** Closed. **2.** Closed. **3.** Closed. **4.** Closed. **5.** Closed. **6.** Closed. ***Recommendations***: **1.** Closed. **2.** Closed. **3.** Closed. **4.** Closed. **5.** Closed. **6.** Closed. **7.** Closed.
Board Governance (BG)			
			Findings During Period: • The CO Board meets on a regular basis and receives updates from Executive Director and his staff on the salient business, IT and stakeholder of topics. • CO management supplies the Board with a variety of informational documents including the MAXIMUS Risk Assessment Reports. ***Risks:*** **1.** Closed.

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			2. Closed. **3.** Closed. ***Recommendations***: **1.** Continue to work with the Board to maintain the Board Policy Manual. Review and ensure that clear roles and responsibilities are established in accordance with the Carver Model. **2.** Closed. **3.** Closed.
Inter-Org Coordination (IOC)	[redacted]	[redacted]	
			Findings During Period: • Interagency requirements definition and "to-be" processes require additional definition. See attachment D. Cover Oregon is dependent on OHA/DHS system and staff readiness continues to be problematic. Getting a slow start on the Medicaid Alignment Design via work stream activity means that OHA/DHS staff are only now understanding the details of the impact of the implementation of the Affordable Care Act, as well as other federal changes including SNAP eligibility for Medicaid determination. • CO and HIX-IT/MAX meet every week in the Technology Management Meeting. Attending are members of the CO Executive Team, including the Executive Director, CIO, COO and Program Management, the HIX-IT project manager, Oracle Project Managers, and the MAX Director. On the agenda are topics that cover inter-project issues across the OHA enterprise that affect HIX-IT. • The Medicaid Eligibility Steering Committee (MESC) is a joint task group that is coordination the Medicaid activities among OHA/DHS and CO. ***Risks:*** **1.** Closed. **2.** Without close cooperation, decisions will be made without appropriate analysis of the impact on CO. **3.** Without more detailed IGA's in place, clear delineation of roles and responsibilities may become problematic in the future. **4.** Detailed interagency requirements and "to-be" process definition are required. See attachment D. **5.** OHA and CO Medicaid groups may continue to propose changes into the development and

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			operations groups as they move into testing, training and deployment. Typically this situation will cause confusion in development, testing, training and operational deployment if not managed properly. The testing and training schedules are already short and lack of clarity will affect the schedule, execution of operational plans and or quality of the final deliverable. **6.** Without proper coordination among OHA/DHS and CO policy and business operations it will put CO in a difficult position with respect to planning the operational procedures for Medicaid processing. This lack of progress can result in a failed 'no wrong door approach" for the state. In addition, it can result in CO having to quickly adapt to the decisions of OHA and DHS may or may not make over the summer and fall of this year. ***Recommendations***: **1.** CO should continue to lead the effort to clearly define roles and responsibilities for each of the major organizations involved in CO, including both the HIX-IT project and ongoing operations. IGAs should be put in place to clearly identify the working relationships, boundaries, expectations and governance for the development and the operation of the Exchange. **2.** CO should lead the effort to clearly document, approve and implement the governance process between CO and HIX-IT. This document should include a clearly defined set of tactical and strategic governing meetings, including scope, intention, and membership. Governance should include immediate project work, as well as ongoing operational responsibilities. CO should enlist the assistance of the LFO as required. This process should be identified in the IGA. **3.** Closed. **4.** Closed. **5.** CO should create a list of all IGAs that are and will be established. This list should identify/track any inter-agency agreements and/or decisions, including those related to the communication/outreach, processing of paper eligibility applications, and call centers. **6.** Establish formal Inter-Governmental Agreements (IGAs) with each of the organizations and/or projects in the Interagency Agreement Plan so that clear boundaries and expectations are established. **7.** Closed. **8.** Communicate the appropriate inter-agency agreements and processes to the Board and staff. **9.** See attachment D. **10.** Closed. **11.** The work with OHA Business with respect to "No Wrong Door" may need to mature and span over multiple system releases. With this understanding CO should consider crafting a long-term

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			strategy i.e, roadmap that demonstrates short term as well as long term goals and objectives. **12.** With respect to Medicaid, it is recommended that CO should present a number of options (strawman) for the OHA and CO Director and Executive Director to discuss with SME's involvement. Acceptance or modification of the options will assist CO in understanding the vision for OHA. This may enable some level of planning while the MESC team is working out the details. **13.** Closed.
Organizational Management (OM)	[redacted]		
			Findings During Period: • CO has adopted a new system architecture that will require a different IT organization then was originally envisioned. • The organization is structured to deliver the various lines of business in a horizontal fashion. See attachment G for details. ***Risks:*** **1.** Closed. **2.** Closed. **3.** Closed. **4.** Closed. **5.** Viewing the organization and project in a horizontal fashion may make coordination and delivery a more complex process. Integration of cross functional areas will not be well coordinated and will result in a product delivery that has fits and starts. See attachment G. ***Recommendations:*** **1.** As the CO Roadmap, WBS and Schedule are completed; Executive Management should clearly communicate the roadmap and internal organizational plan to the staff. **2.** Identify key internal operational processes and assign these processes to the specific executive management for development. These processes should be developed using process flows, approved and implemented and placed under change control so the staff and QA can clearly understand how the organization is operating. Clearly document all related processes, policies, and procedures. **3.** Continue to refine and update the CO organizational chart, including detailed roles, responsibilities, expectations, and authorities.

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			4. Closed. **5.** Closed. **6.** Closed. **7.** CO should re-evaluate the organizational needs of the IT department with the advent of the new architecture and responsibilities CO has incurred. **8.** CO should consider adding a Line Manager that is responsible for delivering a specific product line. This position should operate from the perspective of the Product Development Lifecycle (PDLC). See attachment G.
Human Resources (HR)	***Med***	***Med***	
			Findings During Period: • It is imperative that final scope is sized correctly. If additional deferment is needed in scope over the summer it may be impossible to add resources fast enough to keep the Oct 1 delivery date. • After reviewing the Organizational needs of the IT group based on the architecture change, new roles are probably necessary in the organization. • Viewing the product delivery from a product line perspective rather than a single product perspective will require a slightly different resource structure. • A Security Officer position remains open during a critical phase of the Project. ***Risks:*** **1.** The dynamic nature and fast organizational growth of CO may create significant staff stress and frustration. Communication and HR support systems will be taxed. **2.** Staff with gaps in their skill sets can create schedule delays, rework and/or incorrect planning and execution for the organization. **3.** Closed. **4.** Closed. **5.** Lack of a product or portfolio skill set in the organization will hamstring the organization in its ability to deliver focused products and link them to effective advertising and marketing campaigns. **6.** Not having a Technical Security person on the team may require short term staff augmentation by a consultant to ensure that technical aspects of the security are properly reviewed. ***Recommendations:***

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			1. Continue to focus on defining and implementing the required HR support processes. Finalize the CO Human Resource Management Handbook. Complete job descriptions for all filled and anticipated staff positions. **2.** Closed. **3.** Continue to support team building and informal support structures for staff. **4.** Complete, publish, gain approval of, and implement a comprehensive CO Resource Management Plan that includes a required skills matrix. **5.** Inventory the skills of the existing staff and perform a gap analysis to the required skills of the organization. The gaps should then be prioritized and either staff should be augmented with consultants, trained or new employees should be sought out with the proper skill sets. CO should continually evaluate employees skills against the tasks they have been given. Areas where there are gaps should be identified and mitigated quickly. **6.** Implement formal HR Policies and procedures. **7.** Closed. **8.** Re-evaluate the needs of the IT organization to determine if new roles and personnel are needed based on the change in architecture and delivery model. **9.** CO should consider adding an experienced Line Managers who are focused on delivering specific products to the market from a cross functional perspective. This skill set would be instrumental in defining the detailed features and functions of the product and creating and managing a detailed product roadmap for achieving the targets and metrics CO will establish in the future. **10.** Fill the security position as soon as possible either with a full time hire or shot term by a consultant.
Stakeholder Management (SM)	[redacted]		
			Findings During Period: • CO has engaged in multiple stakeholder outreach and communication efforts throughout the month. ***Risks:*** **1.** Lack of proactive communication with Exchange stakeholders may limit early participation and/or public support. ***Recommendations:*** **1.** Complete, publish, gain approval of, and implement a comprehensive CO Stakeholder

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			Engagement Plan. **2.** Develop scenarios to clearly communicate the benefits of participating in the Exchange. **3.** Continue proactive outreach and stakeholder communication efforts.
Communications (COMM)	***Med***	***Med***	
			Findings During Period: • CO will need to make adjustments to the Scope of the IT system. This information will need to be clearly communicated to internal staff, the board, and potentially stakeholders. ***Risks:*** **1.** If the Exchange does not communicate its functions in a consistent manner then confusion and frustration may result for entities that need to oversee, interface with, purchase or supply services to the exchange. **2.** If the Exchange does not communicate its functions in a consistent manner then CO's management credibility may suffer. ***Recommendations***: **1.** Closed. **2.** (Updated) The internal marketing function of CO is working with the IT, SME's and executive management to identify areas where specialized high level communications need to take place. The Marketing organization can and should utilize the information that should have been produced from the work identified in the Roadmap Section of this report to begin to articulate the functionality of the exchange. **3.** Closed. **4.** The Marketing organization should establish consistent messaging for the organization that reflects the roadmap of the Exchange. **5.** Design and implement a specific external marketing / education program, including the clear purpose and benefits of participation in the Exchange. **6.** Consider independent QC of the final Sandstrom deliverable.
Project Management (PM)	[redacted]		
			Findings During Period:

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			• Requirements are still not finalized in a number of areas. This is a dependency for development, testing and operations. • The delay in the requirements finalization and the extended development schedule are going to run parallel to the SIT, UAT, and Performance testing in the summer. In addition, these events will be happening on the heels of the environment turn-up for a number of systems. • Without sufficient slack in the schedule (based on past variance) the plan for the final iterations are optimistic. • Refer to Attachment F • Work is continuing on a variety of "foundational" PM documents. • Project tracking and reporting findings are included as Attachment B. • Monthly CO status reporting is being tied to tasks in the CO schedule. ***Risks:*** **1.** Without a full set of "foundational" project processes and controls, the project will likely suffer from ad hoc and inconsistent execution of the project work. **2.** Closed. **3.** Without all of these foundational documents being clearly completed, approved, and enforced by executive management they will not be institutionalized. **4.** Closed **5.** Without a clear set of metrics from which to track and report progress to the executive management of CO, HIX-IT, the Board, and LFO COs project management will continue to react to requests for a variety of status information. **6.** Closed. **7.** Closed. **8.** Project tracking and reporting risks are included as Attachment B. **9.** Languishing requirements past 6.10.13 will affect the development and testing schedule. **10.** "Stacking" or overlapping requirements elaboration, development, testing and rework for a new organization in a compressing timeframe is an issue. **11.** Scope reduction late in the development can cause rework and potentially add time to the overall process. ***Recommendations*:** **1.** Closed. **2.** Finalize and implement a full set of "foundational" operational documents, including human

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			resource management, contract management, grant administration, CO governance, staffing plan, stakeholder communications, and accounting management plans. **3.** Closed. **4.** Closed. **5.** Finalize and implement a comprehensive change control process for all of these foundational documents, as well as the WBS and schedule, as described in the Scope and Schedule Sections of this report, respectively. Include guidelines regarding "rolling wave" elaboration of near-term activities. Coordinate all change control processes with the Project Management Office (PMO). All documents should be placed under formal change control and be available in the Dropbox. **6.** The Dropbox should be set-up on a manner that aligns with the WBS so that documents can be easily located. A process for document versioning should be evident. **7.** Closed. **8.** Finalize and implement common guidelines for reporting progress, including % complete. Consider implementation a common earned value management (EVM) approach that can be articulated jointly for both the HIX-IT project and CO schedules. **9.** Closed. **10.** Closed. **11.** Project tracking and reporting recommendations are included as Attachment B. **12.** Consider independent QC review of "foundational" PM documents, including relevant HIX-IT foundational documents. **13.** Finalize all requirements as soon as possible. Where requirements cannot be finalized in the near term, implement contingency plans for manual operation. **14.** To alleviate the "stacking: CO should consider reducing scope, prolonging the schedule and/or both. **15.** Scope should be reduced in a manner that minimizes rework to avoid further delay in the schedule.
Contract Management (CM)	[redacted]		
			Findings During Period: • CO is currently updating the contract policy and procedures. • CO is maintaining a contractor invoice tracking spreadsheet. This spreadsheet includes a comprehensive view of all current contracts, and includes type, term, and value of all contracts. • Progress has been made to tie some contactor work to specific deliverables. However, contractor

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			work is not clearly tracked against the project WBS or schedule. • Recent contracts are deliverable-based, however legacy agreements remain, for the most part, time and materials. ***Risks:*** **1.** Agreements that allow contractor's to bill for hours worked, instead of fixed priced payments for satisfactory completion of specific deliverables, leave the onus on CO to verify that the hours were worked and sufficient value was created by the contractors, according to their individual agreements. It may also be difficult to prove or justify the commensurate expenditures. **2.** Without clear contractor procurement and management plans, as well as documented contractor deliverable expectations and deliverable-based payments, CO may have difficulty extracting the expected tangible value from these contractors. This may also lead to the inefficient use of contractor staff and the associated Federal funds. **3.** Without a clear tie between contractor work and the project WBS or schedule, effective management of contractor effort and billings will be difficult. ***Recommendations:*** **1.** Closed. **2.** Conduct an independent assessment of all contractor activities and proposed deliverables. Identify opportunities to convert contractor payment method to state approval of specific contractor fixed-priced deliverables. Renegotiate agreements, as appropriate. **3.** Closed. **4.** Define specific roles and responsibilities for contractors. Clearly assign work, as defined in the WBS and schedule, to specific contractor staff. Use this information to update the CO staffing plan, as appropriate. **5.** Closed. **6.** Closed. **7.** Closed. **8.** Clearly tie contractor work to the project WBS or schedule. Track progress (% complete) accordingly.
Product Content (PC)	[redacted]		
			Findings During Period: • CO has developed a Scope Management strategy and process. This process is being refined and is beginning to prove effective.

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			• The current Identity and Access Management (IAM aka. IDM), Single Sign On (SSO) and Role Based Access (RBAC) strategy is incomplete. A review of this approach has not been reviewed by a security professional. • The EDM architecture between OHA and CO for the Medicaid check, eligibility and enrollment is not documented. ***Risks:*** **1.** Closed. **2.** Closed. **3.** The foundational services components (Security, MDM) will be implemented later in the process, potentially resulting in significant rework. In addition, process flows may need to change and or expected functionality may not be available when foundational services models are over laid on the existing builds. **4.** Managing and matching docs in workflow processes will affect system design, customer expectations and HIX staffing requirements. See Attachment D for workflow-related, "no wrong door" risks. **5.** Obtaining federally required signatures on documents may be a burden for the customer, system and customer service organization. **6.** Closed. **7.** Closed. **8.** Informality in the use of BPM or UML will result in varying degrees of process flow quality. **9.** Closed. **10.** Closed. **11.** Please see Attachment A for specific, security-related risks. **12.** Please see Attachment C for contingency planning risks. **13.** Please see Attachment D for workflow-related, "no wrong door" risks. **14.** The EDM Architecture should be documented and signed off by both CO and OHA. ***Recommendations***: **1.** Closed. **2.** Implement a product validation procedure and requirements change management process to validate the requirements submitted for development. Implement a change process to correct any defects of requirements. **3.** Define the process for integrating the requirements from CO into the foundational services

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			components of the development teams early in the requirements process. **4.** Identify all areas where documents are expected to be uploaded, faxed or mailed and review the validity for these documents in the workflow process. Ensure that the system architecture has a document management strategy. Ensure that the documents requirements are clearly identified in the current JAD session, Data requirements, use cases etc. An inventory of all document expectations should be identified to assess the magnitude of the effort. See Attachment D. **5.** Clearly identify where signatures are required for client documentation. Validate if they are required by consulting DOJ, IRS, Carriers, etc. **6.** CO should have a formal review the existing OUM process (including foundational services) as it is implemented (tailored) for the Exchange project. This OIS process should be clearly documented, approved, implemented, and placed under change control. The process, if not controlled, will begin to drift as project managers move their attention to other areas/processes of the project that need to be "stood up". This will also enable QA to monitor the process as it continuously improves. **7.** Closed. **8.** A complete and accurate record of all iteration use case work packages and Oracle functional and technical design documents and Corporation testing documents should be organized and kept as a complete package in the Dropbox. Understanding the amount of customization of the current implementation will be critical for CO as future needs are established. **9.** Closed **10.** Closed. **11.** Please see Attachment A for specific, security-related recommendations. **12.** Please see Attachment C for contingency planning recommendations. **13.** Please see Attachment D for workflow-related, "no wrong door" recommendations.
Testing (TST)	[redacted]		
			Findings During Period: • ORACLE Unit/Build test coverage and results are not being delivered as the code is being released to the SIT environment. • The CO scheduler and testing manager has developed an initial timeline for UAT. • HIX-IT has planned to provide a UAT testing environment that will be used solely by CO. A schedule for implementation of this environment needs to be identified by CO. • ORACLE has added a Testing consultant that is assisting in developing the overall test strategy. • Configuring the SIT environment has been a challenge and has resulted in lost testing time from an already compressed schedule.

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			• CO as decided to augment the State SIT test team. ORACLE will be utilized for this augmentation. ***Risks:*** **1.** Current iterations are being accepted without a formal and methodical review of the product by the BA's. This may result in SIT testing being conducted on incorrect UI design and functionality. . **2.** Lack of a dedicated test environment will limit the exposure of the BA's and SME's with the product that is being developed. It is very important that SME's have ample time to play with the design so they may be able to refine the design as necessary. The SME's should also be encouraged to use non-industry personnel, i.e., public users to get feedback on the public facing components of the exchange. Lack of a dedicated test environment will require significant coordination with the IT testers and a reduced amount of time to access the system. **3.** The continued development beyond the scheduled timeframe will encroach on SIT testing which will eventually affect UAT testing and product quality at release. **4.** Without a Unit/Build test report delivered as part of the code delivery to SIT team can result in wasted time in testing items that are not yet build tested or completed by development. ***Recommendations***: **1.** Closed. **2.** Confirm that a dedicated test environment will be available for CO testing, such that they have sufficient time to review the design of the system as it is being built, allow demonstrations and focus groups to view the design, train, testing, etc. **3.** Ensure that usability testing using typical users of the system is included in the testing of the Exchange on-line system. **4.** Closed. **5.** Contain the system scope and requirements elaboration as soon as possible for the Oct 1st release. **6.** Ensure that the delivery of code from one test team to the next is clearly defined and reported on at each step of the process.

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SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	Cover Oregon agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue.
Business Mission and Goals	The Go-Live Launch team has been established and the plan is being developed. Cover Oregon agrees that the coordination between OHA/DHS and Cover Oregon policy and business operations is vital to planning operational procedures for Medicaid processing. Cover Oregon is working closely with OHA to clarify dates and expectations. OHA and Cover Oregon leadership are working together to resolve the Medicaid scope issue. OHA, DHS and Cover Oregon staff have been working together on multiple "work streams" related to Medicaid processing with decisions coming out of those meetings and being approved by OHA, DHS and Cover Oregon leadership authorized to finalize and sign off on these decisions. The launch plan is being developed to ensure successful day 1 (10113) operation.
Roadmap	The current road map outlines the products, services and functionality that will be delivered in Version 1.0 of the exchange. A cross-functional team is compiling and prioritizing products and services for post-1.0 upgrades in 2014, Version 2.0 and beyond. This work is based on a formal process for determining priority functionality and scope.
Scope	Cover Oregon has specifically responded to attachment "G" in the body of in our response to the February report. Cover Oregon continues to work with OHA leadership and OIS to communicate expectations and resolve outstanding issues. Remaining open scope issues are being resolved through the change management and development "blocker" resolution processes. Cover Oregon has also established trigger points and will continue to assess viability of Medicaid enrollment interfaces.
Schedule	Cover Oregon continues to build and update a comprehensive schedule as is outlined in the organization's schedule management process. New discovery will occur but Cover Oregon and HIX-IT have established adequate controls. Cover Oregon is also working closely with OHA to identify and mitigate project dependencies.
Budget	Cover Oregon agrees that by increasing Oracle development and testing staff to complete the first release has had an overall impact to the budget. Cover Oregon is also contracting directly with the vendors as part of the

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	transition from OHA. The Cover Oregon budget is completely stand-alone.
Funding	In February 2013, Cover Oregon received Federal approval of its $226 million Level 2 funding request. Approximately $90 Million is for IT.
Board Governance	MAXIMUS correctly notes that the Executive Director and staff routinely meet with the Board and its finance committee, providing members with a variety of informational documents.
Inter-Org Coordination	Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon is vital to planning the operations for Medicaid processing. Cover Oregon has formally provided specific due dates to OHA business and OIS for the near term expectations for Medicaid requirements, and MMIS system interface architecture approach and delivery. Cover Oregon has minimized the dependence on OHA/DHS staff by assuming their technology development
Organizational Management	Cover Oregon agrees that the organization is growing at a very quick pace. The organization and its staff are adapting and managing to change.
Human Resources	The scope of the staffing strategy takes into account the need to manage from the hardware to application configuration and management. Finalizing scope deferral will help Cover Oregon address potential staffing/resource needs.
Stakeholder Management	Cover Oregon continues its proactive outreach and stakeholder communication efforts.
Communication's	The marketing and communications teams are preparing for any changes in initial launch so that expectations can be set with stakeholders and consumers, and marketing materials are appropriate to the situation.
Project Management	Cover Oregon agrees that scope and schedule must be managed very closely through final development; Cover Oregon is building all scope/schedule decisions with slack included. Additional coordination will be considered when developing scope and requirements.
Contract Management	Cover Oregon utilizes a Work Breakdown Structure (WBS) to identify activities to be completed on the way to Day 1 of open enrollment. Tasks that are assigned to contractors have been identified and are being tracked, as are other resources.
Product Content	Cover Oregon is working with HIX IT and OHA leadership to manage content and is escalating issues as they arise. Much progress has been made to nail down security and operational processes. Cover Oregon is actively managing the product content through the Foundational Services summit meetings, which include OIS leadership and project management

	staff. Scope management is ongoing and based on an established process between Cover Oregon leadership, Oracle and HIX IT PM. Cover Oregon has implemented a framework that balanced usability with security – CMS endorsed. The Cover Oregon Scope management process is already in place. Cover Oregon has mitigated risk and no wrong door through summits, leadership assessments and scope management.
Testing	Cover Oregon is now managing the entire testing effort and is increasing level and detail of test reporting. Cover Oregon is also taking over the SIT testing and will closer coordinate the parallel aspects of all testing.

SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

	Probable/eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
	Possible/unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT			
		Low	Med	High
	High	MED		
	Med		MED	
	Low			MED

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Att A: Detailed Security Concerns (July 2012 Findings)

Findings:

- The current Identity and Access Management (IAM aka. IDM), Single Sign On (SSO), External Self-Administered Role and Role Based Access (RBAC) strategy is not well defined and can be characterized as follows (Note: this information was identified in the recent HIX-IT Logical Structure of Account 4 Whitepaper):
  - Every user in the system will have single sign-on capability in the system. This means that individual and business functions are comingled in accounts.
  - Identify proofing approach is currently unclear. Identity proofing is required to provide assurance of non-repudiation. Identity proofing of some form will be required by the Exchange due to the nature of the environment.
  - Identity proofing is currently at the individual level only. It is unclear how an employer, broker, employee, etc., will be proofed in the system for their specialized role.
  - Internal staff roles in the system are not defined.
  - External roles are intended to be self-administered, i.e., a user can join or revoke other users into and out of their accounts.

Risks:

1. Comingling of individual and business accounts is highly unusual especially in the health insurance field. While it seems like a convenience, it may not be desirable from a user, technical, or security perspective. For example, an individual user may also be a Broker. This person may log into their account at home on their personal computer. If this computer is infected with key logger, user account login information could be compromised. A malicious user would then have access to the Brokers personal account and also their Broker account which potentially compromises other employer accounts the Broker may be attached.
2. Identity proofing can be costly and can have a customer usability impact. If the ID proofing is considered to be too cumbersome by the public it can affect the use of the Exchange by the general public.
3. Additional levels of verification may need to be exercised for different roles in the system, For example, how will a Broker prove they are a legitimate Broker in the system? Not clearly planning, defining and detailing the strategy up front can result in significant delay or work stoppage in the project due to security, usability or technical issues that will continue to pop up in the project without a proper strategy and planning effort.
4. Internal system role definition may alter the expected business workflow of Cover Oregon. Doing this work later in the development or after the system is developed can cause rework and or surprises in staff workflow.
5. External self-administered roles currently known in the industry as Enterprise Dynamic Access Control (EDAC) create additional complexity of the public user experience. These types of architectures are relatively new for public use environments and if deemed too complex and not intuitive for average users, it can result in nonuse of the Exchange by the public.

6. Exchange liability for fraudulent activity due to ineffective identity management and self-administered roles is not fully evaluated. For example, Cover Oregon may be held liable or publicly embarrassed if a person fraudulently became a broker in the system and was found to be attached to a number of large Employer accounts. These types of externally, self-administered implementations are relatively new and fraught with risk for a known marketplace, let alone a marketplace in its infancy.

Recommendations:

1. Account comingling: Cover Oregon should find an existence proof of individual and business comingling approach in the health care field prior to implementing this strategy. If precedence is found in the market, Cover Oregon should seek out the entity and be thoroughly briefed by the entity prior to making this decision.
2. Identity proofing: Cover Oregon should understand the requirements from CMS, IRS, etc with regards to what level of ID proofing is required prior to developing the IDM strategy. For more on Federal ID proofing levels please refer to NIST 800-63.
3. Identity proofing: Identity proofing techniques are both a Business and a IT decision. Cover Oregon will ultimately need to bear the risk that the selected approach poses (legal and user acceptance). Cover Oregon should take an active role in deciding and vetting the approach with the IRS, State DOJ and potential customers of the Exchange. Again, this is the front door to the Exchange access as should be a balance between business efficiency (customer acceptance) and security.
4. Identity Proofing/verification: There may be multiple layers of Identity proofing/verification required. Some users may need to provide proof as an individual only, Broker, and / or employer/employee. Cover Oregon should clearly define the requirements to HIX-IT and expect HIX-IT to create a detailed design document for ID and account management that is vetted with Cover Oregon.
5. Internal role definition: Cover Oregon should overlay role requirements on their internal workflow diagrams to ensure these are identified early in the development process. There are a number of engineering articles on methods for diagramming these requirements.
6. External Self-Administered Roles: Research should be conducted by Cover Oregon to fully understand what the failure rates of these types of implementations from a usability perspective. An expert should be consulted to guide Cover Oregon of necessary.
7. Much greater emphasis should be placed on defining the IDM strategy for Cover Oregon.
8. Reviewing analogous IDM and External Enterprise Dynamic Access Control implementations in the market place should be conducted by Cover Oregon. A comprehensive, detailed strategy should be developed and vetted by Cover Oregon and potentially an independent expert in this field.
9. Closed.
10. Where possible, full mock-ups or prototyping of the Identity proofing and external self-administered roles should be made available to the business to determine the usability impact to the customer experience prior to implementation. This determination should use market research and data to fully justify the decisions made.

Att B: Detailed Tracking and Reporting (Aug 2012 Finding)

Finding:

- The full scope of the HIX-IT development work is not fully articulated to management at Cover Oregon in a comprehensive manner. The issues are as follows:
  - There are a number of areas that need developed, including:
    - Use cases (general configuration of HIX-IT Components)
    - Interfaces to external IT Systems (approximately 60)
    - User Interface
    - Oracle Policy Automation rule development
    - Security
    - Content Management
    - Data classification and segmentation
    - Rework and refinement
  - Currently the CO Project Management is reporting the state of the 200+ use case work packages as a method of tracking project progress to Cover Oregon Management. While this is important, it only represents a portion of the overall IT development work. For example, current use case iterations being reported on may only comprise 45% of the overall IT work.
  - The current use cases that have been developed in iterations 9 through 12 are reported as "completed". According to the HIX-IT Product Planning document they are still rated as "blue" or incomplete due to the additional items identified above.

Risks:

1. Measuring Exchange Development progress via the number of use cases only will cause incorrect expectation setting and confusion on the part of Cover Oregon over the coming months.
2. Calling use cases "complete" is problematic and may cause incorrect expectation setting and confusion on the part of Cover Oregon.

Recommendations:

1. Cover Oregon should work with HIX-IT Program Management to establish a more comprehensive methodology for estimating the level of effort required for the major components of the project.
2. The estimating methodology established above should be closely monitored by Cover Oregon to determine its accuracy over the next few months.
3. Cover Oregon PM should clearly articulate, via significant development areas and metrics, the IT development work in a manner that clearly represents a more comprehensive view of the project and progress.
4. The development areas and metrics identified above should be reported to Cover Oregon's management monthly basis at a minimum.

Att C: (Closed) Contingency Planning (Sept 2012 Finding)

Findings:

OHA OIS has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA has made and/or is currently making include:

1. Assuming the role of prime contractor for the overall state development effort.
2. Deploying technology that is largely new to OHA.
3. Deploying an integrated enterprise architectural vision that is largely new to OHA.
4. Deploying a new software development lifecycle (iterative) that is new to OHA.
5. Re-organizing the delivery model (centralized model) for IT projects within OHA.
6. Standing up new processes to support this new delivery model.
7. Merging the technology and business operations of three organizations (OHA, DHS and CO) and attempting to develop a "no wrong door" approach (see attachment D).

Furthermore, OIS does not have experience in estimating level of effort within the HIX-IT project team or within OIS foundational services team using a common estimation methodology. It may take several iterations to sync the methodologies when they are stood up.

A risk was raised by the Oracle development team regarding the use of a single instance of WebCenter for development. Oracle recommended that separate instances be used as the planning and coordination issues are considerable and likely will slow development. It is our understanding that a decision has been made by OIS foundational services (no written decision has been made available) to use a single instance.

Application and architecture decisions require Modernization agreement prior to implementation. The projects are on different timelines, have only partially overlapping priorities and have a different sense of urgency. See matrix below for priorities.

	DHS	OHA	CO
Individual Tax Credit	P3	P2	P1
SHOP Tax Credit	NA	NA	P1
MAGI (Medicaid/CHIP) eligibility, shopping and enrollment only	P2	P1	P2
Non-Magi			P3
Other Medical			NA
Non medical	P1	P4	NA

The OIS and HIX-IT overall governance structure as stated in the Project Charter does not appear to be functioning. This process needs to be clarified, documented and made balanced and transparent for the business, and all development teams going forward.

OIS does not appear to have formal, detailed, documented, functioning, transparent technical governance or data governance committees.

The software applications are expected to be merged for the first time towards the end of the HIX-IT project. This has never been attempted within the OHA development teams to date. The technical components of the merge are known to some degree, but how the organization will approach and deal with "collides" on a business level has never been done in OHA/Cover Oregon.

OHA must produce, sync and baseline a variety of detailed schedules (HIX-IT, Modernization, Security, MDM, Environments, OPA/application business rules, SOA, Webcenter, PeopleSoft, IVR, UI, OBIE and CO) for this project to be successful.

OHA and the HIX-IT project has slipped a number of proposed deadlines to date (see scheduling section). Cover Oregon has a schedule that is highly dependent on the HIX-IT, Modernization, and OIS foundational services schedules. And vice versa.

A number of basic project processes are not fully implemented within the OIS project structure (e.g., change control, testing, common estimation methodology, common schedule methodology, common activity diagramming methodology, etc.)

The current high level CO Timeline and the more detailed MS Project Schedule do not have specific usability testing activities identified.

Risks:

1) With the project deadline less than 1 year away and the lack of a stable and experienced organization, development and delivery teams within OHA as well as the requirements delay within CO, the probability of missing the target date is currently an issue.

Recommendations:

1. CO should prepare a number of trigger points over the remaining timeline of the project to ensure that scope is continually sized to meet the target date. For example, on November 5th 2012 OHA OIS is scheduled to deliver a detailed project schedule for the remainder of the HIX-IT project. On this date, CO should have a formal review with the OHA CIO, HIX-IT, foundational services project teams and QA to understand in detail the project approach, schedule, dependencies and issues. This information can then be utilized to gauge the

progress against an internal CO confidence checklist. The objective of this review should be to determine if significant components of scope should be deferred. Each trigger point would have a different checklist depending on where the project is on the timeline. An example of a checklist for Nov 5th could be as follows:

- Can scope be locked?
- What percent of scope is outstanding?
- Are schedules for all of the project areas complete, detailed, synced, and tracked using a common methodology?
- Are all project schedules being developed with a common estimation methodology?
- Are key dependencies identified within the schedules and are they listed for the executive management to review?
- Do the schedules have any slack in them and/or does all the scope fit within the current schedule?
- Do the schedules allow for any refinement once the system is constructed?
- Do the Oracle teams agree with the schedules?
- Have Modernization and CO documented the integration points within the application for "No Wrong Door"?
- Is the data that is to be passed from each application clearly documented?
- Is HP ALM operational?
- Are the test teams on board?
- Is there a functional, technical and data governance structure that is balanced and transparent to CO in place and operational?
- Are notes and decisions from these committees clearly documented for the development teams to build from?
- Etc.

The answers to this checklist can then determine a go/no-go for the current scope. If the decision is a no-go for the current scope, CO should have a list of predefined, prioritized and agreed to scope reduction options that can be employed immediately. Scope reduction options could be looked at from a horizontal (across all CO application components) and then, if need be, from a vertical application perspective. An example of scope reduction options could be as follows:

Scope reduction examples from a horizontal perspective:

- Reduce the complexity of the current architecture.
- Defer the merge and rebaseline of code until after go live.
- Implement separate instances of Oracle components that are dependent on interagency business integration.

- Reduce the dependency on the integration with other programs by deferring the "No Wrong Door" approach.
- Implement UI wireframes using Siebel.
- Etc.

Scope reduction examples from a vertical perspective:

1. Defer significant portions of the PeopleSoft components and process the billing manually.
2. Defer electronic plan loading from the Carriers.
3. Defer online Medicaid eligibility, plan selection and enrollment within the Exchange and process them manually.
4. Etc.

Each of these options would be pre-sized so that depending on the amount estimated schedule variance or slack desired by CO an equal amount of scope can be deferred. For example, if the schedule is off by 20% and reducing the complexity of the architecture can save 20% in the schedule then this would be employed because it is prioritized high and equals the needed time savings.

The formality of this process will give CO executive management a clear understanding of the project status and enable them to pull the appropriate levers to make the project successful at a variety points in the upcoming year.

Att D: "No WrongDoor" Cooperation (Sept 2012 Finding)

Findings:

OHA/DHS and CO have a general agreement to create a "no wrong door" approach for eligibility and enrollment for state-sponsored medical programs and commercial insurance. This requires the businesses be aligned from both the operational perspective and the informational technology perspective to create a "to-be", future business state model. This is truly a transformation to the way that health coverage is to be administered across the state. Unfortunately, there is no clear authoritative document that defines the expectations for all the programs, authority/delegated authority, governance and detailed functional roles and responsibilities.

This overall business transformational effort that is being under taken is also not currently being tracked like a formal project. Typically a project of this size would have specific governance reporting, charter, scope, tasks, milestones, deliverables, and deadlines for the interagency work that is to be accomplished both operationally and technically.

For example, technical/architectural decisions are being made that may not fully align with the intent of the CO business model. The situation is aggravated by the lack of clear and comprehensive documentation for interagency cooperation with respect to requirements, process interface points, data passing, data sharing, portal entry and exit points, identity and access management, and document sharing.

Risk:

- Lack of a clear, detailed, integrated view of "no wrong door" will hamper a smooth implementation of this vision
- Lack of clear direction, governance, and delegation of authority from the OHA, DHS and CO leadership will result in a missed opportunity to integrate the "no wrong door" approach in time for the October 2013 opening the Exchange.
- Lack of a formal structure for this interagency business project will result in open ended work that may or may not yield sufficient information in time to be incorporated into the development schedule.
- Without clear direction/requirements from the businesses, technical decisions will be made that may or may not align to the long term operational plan for the businesses. This may require rework or additional future project to realign the technical decisions being made.
- Without clear operational agreements, staff will not be efficient in executing required transitional tasks for their programs, e.g., process reengineering, job reclassification, resource plans, inter-program agreements, etc.
- Without a defined process, project, and governance transparency, QA, development, operations, and executive management in the stakeholder agencies will not be able to monitor the progress of the effort to ensure that it is

implemented in a timeframe and manner that fits the vision outlined by the Directors of OHA and DHS, the Executive Director of CO for the State of Oregon.

Recommendations:

- The Executive Directors from OHA and CO should commission the business leaders to draft a charter document for interagency transition project. An example of the makeup of a charter document may include:
- General vision of all the leaders.
- Scope, which identifies all the agency programs that are required to participate in the effort.
- Governance structure that identifies the two Executive Directors of OHA and CO as the sponsors identifies the business executive's steering committee and their responsibilities.
- Assignment of a project manager and scheduler that will produce a baseline schedule within 15 calendar days of charter implementation.
- High level deliverables, such as:
  1. All relevant agencies submit detailed information to a "no wrong door" operational and technical plan that will identify the "to-be" operational and technical requirements. This document will be required to be delivered to the steering committee no later than 45 calendar days after the project charter is released. This document should include:
  2. Identification of all policy changes for each program with respect to the "no wrong door" initiative.
  3. Identification of the following information about each on-line application:
  4. General screening requirements for all programs (Medicaid, QHP, etc).
  5. Detailed map of how clients will access each program through the on-line portal (client direct, community partner, navigator staff portal, etc).
  6. Specific data elements that is required for each application when they are passed from another application.
  7. Identification of a common point of transfer (after screening, after application completion, etc.)
  8. Identification of a common point of entry from a transfer (at additional screening point, selection of benefit, etc.)
  9. Identification of the following information about their handling of paper and fax applications, phone/IVR applications:
  10. Identification of the agency that will handle processing of specific applications/or portions of applications.
  11. "Warm" handoff of clients that call in and require a transfer to another agency.
  12. Identification of common staffing of support and customer service centers, if required.
  13. Identification of any issues, risks, barriers, roadblocks or concerns to implementing the operational and technical plan. Along with any roadblocks, barriers or concerns, the agency should propose a solution or solutions as a remedy.
  14. Recommendations for the content of an integrated transition plan.
  15. High-level schedule, including definition of "no wrong door" process flows and detailed requirements.

Att E: (Closed and Deleted) Architecture Simplification (Nov 2012 Finding)

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Att F: Risk Analysis for Security Implementation (Jan 2013 Finding)

Finding:

A formal security risk assessment has not been conducted on the following items:

5. Individual authentication and ID proofing process
6. Employer authentication and ID proofing process
7. Medicaid authentication and ID proofing process.
8. Co-mingling of business and user functions within the same user account.

The standard approach to implementing security controls is to utilize best practices as a guideline. Typically NIST 800 series documents are considered best practice guidelines and should be utilized in conjunction with other vendor best practices if available. Typically vendor best practices also rely on the NIST and other federal and industry documents and provide additional details as to how to implement specific products.

> **Cover Oregon Response:** Because of the nature of Cover Oregon and the type of info it will be gathering and sharing (PMI), it will need to be HIPPA compliant (which includes PMI requirements), we need to make sure we are addressing those requirements in this attachment, or some other attachment.
>
> Cover Oregon met with the state to get that process started. There is a checklist of all the things that the state feels Cover Oregon will need to address in order to meet the Federal HIPPA requirements. The Security Officer that Cover Oregon is in the process of hiring should own the completion of the processes laid out in this checklist as well as develop a timeline for completing all of the items in the above mentioned checklist then add those major milestones in Cover Oregon's project plan so there is wider visibility on the completion of those major milestones.

The NIST documents typically will use the term guideline in their titles and will often link to other federal documents that are to be considered prior to the reading of the current document. The Office of Management and Budget (OMB) will issue circulars, bulletins and memorandums as guidance to Federal, State and Local governments.

In this area of e-authentication NIST 800-63 'Electronic Authentication Guideline' references the 5 step process from the OMB M 04-04 'E-Authentication Guidance for Federal Agencies'. Page 1 states the following:

OMB guidance outlines a 5-step process by which agencies should meet their e-authentication assurance requirements:

1. Conduct a risk assessment of the government system.
2. Map identified risks to the appropriate assurance level.
3. Select technology based on e-authentication technical guidance.

> **Cover Oregon Response:** Cover Oregon has been working closely with Oracle and the State to ensure that all applications & required hardware are compliant with all security requirements

4. Validate that the implemented system has met the required assurance level.

> **Cover Oregon Response:** The new Security Officer that Cover Oregon is in the process of hiring will conduct this, and will be part of the "timeline" referenced above.

5. Periodically reassess the information system to determine technology refresh requirements.

> **Cover Oregon Response:** This will be part of the policies & procedures that the new Security Officer will be finalizing upon their hiring.

This document (NIST 800-63) provides guidelines for implementing the third step of the above process. After completing a risk assessment and mapping the identified risks to the required assurance level, agencies can select appropriate technology that, at a minimum, meets the technical requirements for the required level of assurance. "

Steps 1 and 2 of the 5 step process above are addressed by the OMB 04-04 document. On page 1 of the OMB M 04-04 document it states, 'This document will assist agencies in determining their e-government authentication needs. Agency business-process owners bear the primary responsibility to identify assurance levels and strategies for providing them. This responsibility extends to electronic authentication systems." This document also states in section 4.4 "It is also important to match the required level of assurance against the cost and burden of the business, policy, and technical requirements of the chosen solution."

The HIPAA security rule, IRS 1075, NIST 800-63 and OMB 4-4 all recommend a risk analysis as a key part of the process for designing security controls for a government agency.

In general, a good risk analysis not only includes the probability of threats and vulnerabilities from the security perspective, it also includes the burden (cost, complexity and usability) to the business of implementing the recommended security control. It must do this because some security controls may be too costly or too complex for the agency or the public for which they serve.

Cover Oregon Response: Cover Oregon started the process of working with the State on this assessment, and definition of ongoing policies and procedures to ensure compliance now and into the future.

The state will need to make an initial response to the Federal Government on the steps that Cover Oregon has taken and will need to take over in the coming months to comply with all Federally mandated HIPPA and other security requirements. Various Cover Oregon resources are engaged in this effort.

Risks:

- Enrollment rates and brand perception can be affected by an exchange user experience that is considered too complex or difficult.
- Without a proper risk analysis by a skilled security professional (inclusive of business risks) OHA and CO will be at odds as to what are the technical risks are and how they are balanced against the business requirements.
- The business and technical side, given deadline pressure, will indicate that it is too late for a proper risk analysis and that the project must accept where it is and move forward anyway. This may be true, however, this issue will plague the business for years to come either by reduced online enrollees or by being compromised by malicious actors.
- Both sides (technical and business) will state that it is too late to conduct the risk analysis. This may be true for the April 30th deadline, however, if the initial system proves to be too cumbersome to navigate during usability testing or to easy to compromise, a system retool may be necessary prior to Oct 1 launch. Without a proper risk analysis the retool runs the risk reopening the debate between technical and business groups and/or of moving the system to the other extreme.
- Without a balanced risk analysis the system design at launch will be dictated by the loudest voices, fear, uncertainty and doubt arguments from both sides of the issue. Typically the technical groups will err on the side of too much security and the business will err on the side of too little security. Both conditions are problematic.
- Without a firm foundation on the true technical risks the security and business groups will be at odds with each other and with CMS and IRS in the future. Lack of foundational analysis will set the stage for a constant rehash of the issues.
- The State of Oregon was given an "Early Innovator Grant" with the understanding that new ground will be broken in many areas. The Federal government expects to be challenged and also to learn from the experiences of the innovator States. These experiences help to shape policy, best practices or federal guidance. The security issues above are very good examples of a new area that will benefit from thoughtful analysis that can be shared with the Federal government and other states going forward.
- Federal regulations require Cover Oregon to comply with HIPPA requirements due to the PMI information CO will be gathering and sharing through the exchange. Failure to comply with these requirements could result in sizeable fines and/or shutting down the exchange

Recommendations:

- Request a formal report from the Federal entities on their risk analysis that supports any position they may currently have. Have this report reviewed by an outside security firm that is skilled in balancing security and usability for government and ecommerce systems.

  Cover Oregon Response: The state is working on this report with the support of Cover Oregon.

- (In process) Hire a national security firm to conduct research and a security risk analysis that is limited to the scope of the items identified in the findings above. This analysis can then be used to adjust the system security controls prior to, or after the launch if required.

  Cover Oregon Response: Cover Oregon will take this into consideration

- Release the research and security risk analysis results to CMS and other states as a model of how to balance security and usability for Health Insurance Exchanges going forward.

  Cover Oregon Response: Cover Oregon needs to hire a Security Officer who will ensure all required policies and procedures to meet the HIPPA requirements are completed. By working with the state, the Security Officer will validate Cover Oregon meets all HIPPA requirements prior to "go-live" and has the ongoing reviews, validations and audits required to ensure continuing compliance with those same HIPPA regulations.

Att G (Updated May) Scope Management and Product delivery (Feb 2013 Original Finding)

Cover Oregon Response: Cover Oregon has deployed a business-driven Scope Management process that supplements original scope management work that began in August 2012. The basic process includes:

- A recurring meeting that includes a cross-organizational team of executives and decision makers.
- An information-based approach that considers mitigation opportunities through: (1) reducing/delaying scope; (2) increasing development capacity, and; (3) expanding the development timeline.
- A regular update and evaluation of scope delivery metrics that allows immediate adjustments and additional actions to be taken.

The results of this process have been positive. The team realizes that there is still considerable risk that must be managed. The following changes have occurred so far:

- Technical interfaces have been reduced from 62 to 39 -- a 37% reduction in interface scope.
- At-risk Medicaid data exchange scope has been managed through communication of a "must have" 4/1 date for completion with planned work-around by Cover Oregon if not delivered. Expectations for what will be delivered on 4/1 were clearly articulated to OHA partners.
- Less than 2 months ago, Maximus estimated that the functional scope was 5 months behind with development work (including merge and rebase; the most recent estimate is approximately 30 days.
- Foundational services scope, while still a struggle for Cover Oregon to affect within OHA/OIS, has seen progress and is now integrated into the functional scope dependencies and management process.

In addition to the work mentioned above, other practices have been deployed to expedite scope issue resolution and decision-making. A 3 x weekly "Scrum" call provides cross-functional issue resolution and tracking with the JIRA system. Most recently, a 3x weekly Development Blocker Resolution meeting was deployed and deemed successful by all involved. Cover Oregon has carefully considered the input provided by Maximus and remains open and attentive to the high quality assistance that has been provided on this project. Cover Oregon also realizes that continued focus must be applied to scope management to navigate toward a successful 10/1/2013 launch date.

Findings (Updated May):
Additional Scope has been deferred to 12/1/13 in order to achieve the Oct 1st delivery date. Details of the deferment are not yet published. It is expected that the deferment is focused primarily on back office functions and functional components not required for pre-enrollment, i.e., customer service, billing, etc.

A 20% slack was added to the schedule as part of the scope deferment.

A business use case process has been instituted and is beginning to prove effective in the scope management process.

Risks:

- Past deferment efforts have proved insufficient due to an over optimistic expectation of requirement elaboration containment, task dependency control and development level of effort estimation. It is unclear how this process has changed to correct past estimation errors.
- Scope deferment requires effort from BA's, SME's, development and test personnel. LoE and may not be accounted for in the deferment process.
- 20% slack is probably not sufficient, 30+ % was recommended by QA months ago and this proved to be optimistic.
- Testing schedule will continue to be compressed as additional issues arise and have to be mitigated for in the schedule.

Recommendations:

1. Closed.

2. Closed.

3. Closed.

4. Additional slack should be provided for in the schedule beyond the 20% currently estimated.

5. Continue to refine the Business Case process by challenging the SME's to detail and refine their facts and estimates used in their justifications.

6. CO should prepare for additional scope deferment or schedule slip to the Oct 1st date.



Oregon Health Insurance Exchange Corporation (ORHIX) / Cover Oregon (CO) Monthly Quality Status Report

June 2013

Deliverable #2.3.l

Draft

Dated: July 21, 2013

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SECTION 1: Introduction

Cover Oregon (CO) recognizes the value of an independent, third-party formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

1 **Initial Risk Assessment** - identification of initial risks facing CO
2 **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
3 **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of March, 2013. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.

Since July 2011, the Oregon Health Authority (OHA) has led the design and implementation of the Health Insurance Exchange – Information Technology (HIX-IT) solution, building upon the Oracle products and Enterprise architecture envisioned by the State of Oregon.

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SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. In other words, progress in some areas since last month is offset by the fact that there is one less month until the federally mandated deadlines. Additionally, each rating category will carry a different relative weight when assessing the overall risk level of the effort. For example, while 10 out of 16 Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule", and "Inter-Org Coordination" remain high (red), which drives the overall high (red) risk assessment.

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally. For example, in order to meet the federal requirement that the Exchange be up and running by January 1, 2014, the system must be completed and ready to accept enrollments by October 2013. This is clearly a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is evolving rapidly and was dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of June , including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO continues to make positive and significant progress towards the launch of the Oregon Health Insurance Exchange. The organization has and continues to demonstrate flexibility and creativity in dealing with this complex and evolving landscape.
- CO is continuing to review and defer non-launch critical scope.
- CO had a Business Summit with LFO and DAS and OHA represented. The summit reviewed the various functional areas of the organization. In addition, CO and OHA presented the status of the Medicaid operational issues and challenges.

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- CO added additional development staff in an effort to incorporate as much scope as possible for the Oct release. In addition, CO added testing staff from Oracle for the SIT and performance testing efforts.
- CO has instituted a contingency planning group to help ensure that scope that is not completed can be worked around for launch.
- The FTS (Functional Test System) has been configured and the SIT (System Integration Test) team is now testing the releases.
- Significant progress was made with the development and delivery of the Medicaid interfaces into MMIS.

The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

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Table 1: Summary Quality Standards Scorecard

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Quality Rating Category	QA Risk Level	Priority QA Finding and Recommendations	CO Risk Level	CO Response
OVERALL HEALTH		• See below for specific priority recommendations. • Continue to review, update, and track all outstanding quality risks and recommendations.		• Overall Health remains high risk due to aggressive timeline and scope of work. Marketing and training efforts are well underway. Teams are closing in on finalizing the build, and in final preparation work for go live
Business Mission and Goals		• CO continues to develop a System Launch plan. This effort is intended to synchronize the development, business operations and marketing efforts for the initial launch. • CO had had a business operations review with Oversight present focusing on the business functional components of the Exchange. OHA was also present and expressed challenges in being operationally ready by Oct 1st.		• Business Mission -brand marketing and training efforts are underway to communicate to public and key users. • The Go Live Planning effort is intended to synch Business/Ops, IT and Launch Strategy efforts. Good progress is being made to prepare the teams for go live and be ready for triage.
Roadmap	***Med***	• The roadmap for the first release will be in flux until final development sizing for the remaining iterations are completed. This work is expected to continue into the final iteration. • A second release of the system is expected to take place in Dec of this year. This release will have features that are not critical for the Oct release, but critical for the Jan 1st date. • A roadmap business case process has been instituted and tested. A business case was created for the inclusion of Spanish for the Oct 1st release. The business case was reviewed and mapped against other priorities and slotted into a future release.	***Med***	• The longer term Roadmap for the CO product has shape but not definition. More defined planning efforts around scope beyond the 10/1, December and February releases will need to progress across the fall to prepare for the 2014 fiscal year and budget accordingly.
Scope		• The current CO release strategy is to launch all three lines of business in Oct 2013. The scope management tactics being employed are to add resources and/or trim features and functionality until the system can be released in Oct 2013. • CO has deferred the Medicaid Assessment work for the Oct release. The current plan is to implement Medicaid eligibility and enrollment for the Oct		• At the end of 17b (July) we have scope and LOE in balance with capacity for the 10/1 build. • The teams are working to identify the critical scope for December delivery and to have design complete including the Oracle FDD and TDD in advance of the start of development in October.

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Table 2: QA Risk Level Tracking

Quality Rating Category	*Sept '12*	*Oct '12*	*Nov '12*	*Dec '12*	*Jan '13*	*Feb '13*	*Mar '13*	*Apr '13*	*May '13*	*Jun' 13*
OVERALL HEALTH										
Business Mission and Goals	*M*	*M*	*M*	*M*	*M*	*M*	*M*			
Roadmap	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*
Scope										
Schedule										
Budget	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*
Funding	*M*	*M*	*M*	*M*						
Board Governance	*M*									
Inter-Org Coordination										
Organizational Management	*M*	*M*								
Human Resources	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*
Stakeholder Management										
Communication	*M*	*M*						*M*	*M*	*M*
Project Management	*M*	*M*	*M*	*M*	*M*	*M*	*M*			
Contract Management	*M*	*M*	*M*	*M*	*M*	*M*	*M*			
Product Content										
Testing	*M*	*M*	*M*	*M*	*M*					

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SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of June, 2013.

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Section 4: Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. At the client's request, unique numbering has been introduced for both risks and recommendations, to assist in tracking. For example, risks in the Business Mission and Goals section of the report can be identified as Risk-BMG-1, Risk-BMG-2, etc. Recommendations can be similarly, uniquely identified. The integrity of the numbering will be preserved during future reports.

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Table 3: Detailed Quality Standards Scorecard

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	Quality Rating Category	May2013	June 2013	Risk Assessment Finding, Risks, and Recommendations
O M	**Business Mission and Goals (BMG)**	[redacted]		
				Findings During Period: • CO continues to develop a System Launch Plan. This document is expected to further detail the various exchange functions and plans for the first release of the exchange. • The business mission and goals between OHA and CO are not fully aligned with respect to Medicaid. Work is being done in this area and significant progress is being made, however, the cultures and timelines are different. CO has formally notified OHA of their expectations, trigger events and dates they will use to determine if a contingency plan must be implemented for the Oct 1st release. IGA's are expected to be in place between the two businesses by Jun 15th of this month, however, they did not materialize. • CO had a business operations review with Oversight in June. The summit focused on the business functional components rather than operational flows.. ***Risks:*** 1. Closed 2. Without clear understanding, communication and alignment of the deadlines and priorities for the Oct 2013 release between the business units (CO, OHA) may result in delayed launch for Medicaid. 3. Without a detailed system launch plan, coordination of IT, OPS and Marketing may not be in full alignment for the launch window. ***Recommendations:*** 1. Closed. 2. Closed. 3. Closed. 4. (In process) The detailed system launch plan is intended to be an extension of the business model for the Exchange. This document should detail all relevant assumptions, risks, constraints and contingency plans. Update in detail, all revenue projections with justification of why they are valid. Update, in detail all costs with justification of their validity. This information should be used to model and determine long-term sustainability in a variety of circumstances. This information should be appended to the updated Business Plan. This plan should include Medicaid "take rates" for the electronic exchange, as well as references to source materials. 5. Clearly identify the business roadmap and ensure that it is connected with the business modeling and Business Plan. 6. Closed. 7. Closed. 8. Closed 9. Closed 10. Finalize the IGA's with OHA concerning Medicaid operations as soon as possible.
	Roadmap (RM)	**Med**	**Med**	
C				***Findings During Period:*** • A roadmap business case process has been instituted. The first business cases are rudimentary and it is expected as the process matures that more sophisticated analysis will be provided with the business case.

SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	Cover Oregon agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue.
Business Mission and Goals	The Go-Live Launch team has been established and the plan is being developed. Cover Oregon agrees that the coordination between OHA/DHS and Cover Oregon policy and business operations is vital to planning operational procedures for Medicaid processing. Cover Oregon is working closely with OHA to clarify dates and expectations. OHA and Cover Oregon leadership are working together to resolve the Medicaid scope issue. OHA, DHS and Cover Oregon staff have been working together on multiple "work streams" related to Medicaid processing with decisions coming out of those meetings and being approved by OHA, DHS and Cover Oregon leadership authorized to finalize and sign off on these decisions. The launch plan is being developed to ensure successful day 1 (10113) operation.
Roadmap	The current road map outlines the products, services and functionality that will be delivered in Version 1.0 of the exchange. A cross-functional team is compiling and prioritizing products and services for post-1.0 upgrades in 2014, Version 2.0 and beyond. This work is based on a formal process for determining priority functionality and scope.
Scope	Remaining open scope issues are being resolved through the change management and development "blocker" resolution processes.
Schedule	Cover Oregon continues to build and update a comprehensive schedule as is outlined in the organization's schedule management process. New discovery will occur but Cover Oregon and HIX-IT have established adequate controls. Cover Oregon is also working closely with OHA to identify and mitigate project dependencies.
Budget	Cover Oregon agrees that by increasing Oracle development and testing staff to complete the first release has had an overall impact to the budget. Cover Oregon is also contracting directly with the vendors as part of the transition from OHA. The Cover Oregon budget is completely stand-alone.
Funding	In February 2013, Cover Oregon received Federal approval of its $226 million Level 2 funding request. Approximately $90 Million is for IT.
Board Governance	MAXIMUS correctly notes that the Executive Director and staff routinely meet with the Board and its finance committee, providing members with a variety of informational

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	documents.
Inter-Org Coordination	Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon is vital to planning the operations for Medicaid processing. Medicaid interfaces have been delivered and are moving into testing. Cover Oregon is currently utilizing PM staff for reporting and external interface management. On an ongoing basis the CO dependency on OHA will be exclusive to Medicaid interfaces & some Medicaid support operations.
Organizational Management	Cover Oregon agrees that the organization is growing at a very quick pace. The organization and its staff are adapting and managing to change.
Human Resources	The scope of the staffing strategy takes into account the need to manage from the hardware to application configuration and management. Finalizing scope deferral will help Cover Oregon address potential staffing/resource needs.
Stakeholder Management	Cover Oregon continues its proactive outreach and stakeholder communication efforts.
Communication's	The marketing and communications teams are preparing for any changes in initial launch so that expectations can be set with stakeholders and consumers, and marketing materials are appropriate to the situation.
Project Management	Cover Oregon agrees that scope and schedule must be managed very closely through final development.
Contract Management	Cover Oregon utilizes a Work Breakdown Structure (WBS) to identify activities to be completed on the way to Day 1 of open enrollment. Tasks that are assigned to contractors have been identified and are being tracked, as are other resources.
Product Content	Product content is now managed by CO. The findings in this report are outdated. Security implementation is well defined, Medicaid interfaces are developed. The technical documentation is in progress including architecture, technical and functional design. For Release 1.1 the expectation is that Oracle will be design complete before starting development on 10/2.
Testing	Cover Oregon is now managing the entire testing effort and is increasing level and detail of test reporting. Cover Oregon will closely coordinate the parallel aspects of all testing.

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SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

	Probable/eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
	Possible/unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT		
	Low	Med	High
High	MED		
Med		MED	
Low			MED

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Att A: Detailed Security Concerns (July 2012 Findings)

Findings:

- The current Identity and Access Management (IAM aka. IDM), Single Sign On (SSO), External Self-Administered Role and Role Based Access (RBAC) strategy is not well defined and can be characterized as follows (Note: this information was identified in the recent HIX-IT Logical Structure of Account 4 Whitepaper):
  - Every user in the system will have single sign-on capability in the system. This means that individual and business functions are comingled in accounts.
  - Identify proofing approach is currently unclear. Identity proofing is required to provide assurance of non-repudiation. Identity proofing of some form will be required by the Exchange due to the nature of the environment.
  - Identity proofing is currently at the individual level only. It is unclear how an employer, broker, employee, etc., will be proofed in the system for their specialized role.
  - Internal staff roles in the system are not defined.
  - External roles are intended to be self-administered, i.e., a user can join or revoke other users into and out of their accounts.

Risks:

1. Comingling of individual and business accounts is highly unusual especially in the health insurance field. While it seems like a convenience, it may not be desirable from a user, technical, or security perspective. For example, an individual user may also be a Broker. This person may log into their account at home on their personal computer. If this computer is infected with key logger, user account login information could be compromised. A malicious user would then have access to the Brokers personal account and also their Broker account which potentially compromises other employer accounts the Broker may be attached.
2. Identity proofing can be costly and can have a customer usability impact. If the ID proofing is considered to be too cumbersome by the public it can affect the use of the Exchange by the general public.
3. Additional levels of verification may need to be exercised for different roles in the system, For example, how will a Broker prove they are a legitimate Broker in the system? Not clearly planning, defining and detailing the strategy up front can result in significant delay or work stoppage in the project due to security, usability or technical issues that will continue to pop up in the project without a proper strategy and planning effort.
4. Internal system role definition may alter the expected business workflow of Cover Oregon. Doing this work later in the development or after the system is developed can cause rework and or surprises in staff workflow.
5. External self-administered roles currently known in the industry as Enterprise Dynamic Access Control (EDAC) create additional complexity of the public user experience. These types of architectures are relatively new for public use environments and if deemed too complex and not intuitive for average users, it can result in nonuse of the Exchange by the public.
6. Exchange liability for fraudulent activity due to ineffective identity management and self-administered roles is not fully evaluated. For example, Cover Oregon may be held liable or publicly embarrassed if a person fraudulently became a broker in the system and was found to be attached to a number of large Employer accounts. These types of externally, self-administered implementations are relatively new and fraught with risk for a known marketplace, let alone a marketplace in its infancy.

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Recommendations:

1 Account comingling: Cover Oregon should find an existence proof of individual and business comingling approach in the health care field prior to implementing this strategy. If precedence is found in the market, Cover Oregon should seek out the entity and be thoroughly briefed by the entity prior to making this decision.

2 Identity proofing: Cover Oregon should understand the requirements from CMS, IRS, etc with regards to what level of ID proofing is required prior to developing the IDM strategy. For more on Federal ID proofing levels please refer to NIST 800-63.

3 Identity proofing: Identity proofing techniques are both a Business and a IT decision. Cover Oregon will ultimately need to bear the risk that the selected approach poses (legal and user acceptance). Cover Oregon should take an active role in deciding and vetting the approach with the IRS, State DOJ and potential customers of the Exchange. Again, this is the front door to the Exchange access as should be a balance between business efficiency (customer acceptance) and security.

4 Identity Proofing/verification: There may be multiple layers of Identity proofing/verification required. Some users may need to provide proof as an individual only, Broker, and / or employer/employee. Cover Oregon should clearly define the requirements to HIX-IT and expect HIX-IT to create a detailed design document for ID and account management that is vetted with Cover Oregon.

5 Internal role definition: Cover Oregon should overlay role requirements on their internal workflow diagrams to ensure these are identified early in the development process. There are a number of engineering articles on methods for diagramming these requirements.

6 External Self-Administered Roles: Research should be conducted by Cover Oregon to fully understand what the failure rates of these types of implementations from a usability perspective. An expert should be consulted to guide Cover Oregon of necessary.

7 (Closed)

8 Reviewing analogous IDM and External Enterprise Dynamic Access Control implementations in the market place should be conducted by Cover Oregon. A comprehensive, detailed strategy should be developed and vetted by Cover Oregon and potentially an independent expert in this field.

9 Closed.

10 Where possible, full mock-ups or prototyping of the Identity proofing and external self-administered roles should be made available to the business to determine the usability impact to the customer experience prior to implementation. This determination should use market research and data to fully justify the decisions made.

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Att B: Detailed Tracking and Reporting (Updated June 2013)

Finding:

- The full scope of the project development work is not fully articulated to management at Cover Oregon in a comprehensive manner. The issues are as follows:
  - There are a number of areas that need developed, including:
    - Use cases (general configuration of HIX-IT Components)
    - Interfaces to external IT Systems
    - User Interface
    - Oracle Policy Automation rule development
    - Security
    - Content Management
    - Data classification and segmentation
    - Rework and refinement
  - (Closed) Currently the CO Project Management is reporting the state of the 200+ use case work packages as a method of tracking project progress to Cover Oregon Management. While this is important, it only represents a portion of the overall IT development work. For example, current use case iterations being reported on may only comprise 45% of the overall IT work.
  - (Closed) The current use cases that have been developed in iterations 9 through 12 are reported as "completed". According to the HIX-IT Product Planning document they are still rated as "blue" or incomplete due to the additional items identified above.
  - Requirements completion tracking is not in effect. Requirements/changes to requirements is ongoing.
  - CO is tracking progress against Use Cases and Level of Effort. These metrics are better than before, however, they do not provide a good schedule view which include dependencies is not accurate reporting to management.
  - Areas of the project do not track their progress using Use Cases and/or LoE, This disjointed reporting does not provide and accurate picture of the overall LoE of the project.

Risks:

1. Measuring Exchange Development progress via the number of use cases and LoE only will cause incorrect expectation setting and confusion on the part of Cover Oregon management over the coming months.
2. Calling use cases "complete" is problematic and may cause incorrect expectation setting and confusion on the part of Cover Oregon.
3. Lack of requirements monitoring and tracking will cause the timeline to continue to slip.
4. Without clear understanding of dependencies and connection to application development LoE accurate or reasonable timelines cannot be established and reported to management.
5. Lack of consistent estimating techniques among the various groups will result in surprises with respect to the delivery of items that are considered dependencies from other groups.

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Recommendations:

1 Cover Oregon should work with HIX-IT Program Management to establish a more comprehensive methodology for estimating the level of effort required for the major components of the project. Understanding dependencies of these groups is critical to reporting an accurate schedule.

2 The estimating methodology established above should be closely monitored by Cover Oregon to determine its accuracy over the next few months.

3 Cover Oregon PM should clearly articulate, via significant development areas and metrics, the IT development work in a manner that clearly represents a more comprehensive view of the project and progress, i.e., provide a more holistic reporting of the project development tasks

4 (Closed) The development areas and metrics identified above should be reported to Cover Oregon's management monthly basis at a minimum.

5 Dependencies should be included in estimating the overall timeline of the project, not just LoE and Use Cases.

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Att C: (Closed) Contingency Planning (Sept 2012 Finding)

Findings:

OHA OIS has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA has made and/or is currently making include:

1 Assuming the role of prime contractor for the overall state development effort.
2 Deploying technology that is largely new to OHA.
3 Deploying an integrated enterprise architectural vision that is largely new to OHA.
4 Deploying a new software development lifecycle (iterative) that is new to OHA.
5 Re-organizing the delivery model (centralized model) for IT projects within OHA.
6 Standing up new processes to support this new delivery model.
7 Merging the technology and business operations of three organizations (OHA, DHS and CO) and attempting to develop a "no wrong door" approach (see attachment D).

Furthermore, OIS does not have experience in estimating level of effort within the HIX-IT project team or within OIS foundational services team using a common estimation methodology. It may take several iterations to sync the methodologies when they are stood up.

A risk was raised by the Oracle development team regarding the use of a single instance of WebCenter for development. Oracle recommended that separate instances be used as the planning and coordination issues are considerable and likely will slow development. It is our understanding that a decision has been made by OIS foundational services (no written decision has been made available) to use a single instance.

Application and architecture decisions require Modernization agreement prior to implementation. The projects are on different timelines, have only partially overlapping priorities and have a different sense of urgency. See matrix below for priorities.

	DHS	OHA	CO
Individual Tax Credit	P3	P2	P1
SHOP Tax Credit	NA	NA	P1
MAGI (Medicaid/CHIP) eligibility, shopping and enrollment only	P2	P1	P2
Non-Magi			P3

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Other Medical			NA
Non medical	P1	P4	NA

The OIS and HIX-IT overall governance structure as stated in the Project Charter does not appear to be functioning. This process needs to be clarified, documented and made balanced and transparent for the business, and all development teams going forward.

OIS does not appear to have formal, detailed, documented, functioning, transparent technical governance or data governance committees.

The software applications are expected to be merged for the first time towards the end of the HIX-IT project. This has never been attempted within the OHA development teams to date. The technical components of the merge are known to some degree, but how the organization will approach and deal with "collides" on a business level has never been done in OHA/Cover Oregon.

OHA must produce, sync and baseline a variety of detailed schedules (HIX-IT, Modernization, Security, MDM, Environments, OPA/application business rules, SOA, Webcenter, PeopleSoft, IVR, UI, OBIE and CO) for this project to be successful.

OHA and the HIX-IT project has slipped a number of proposed deadlines to date (see scheduling section). Cover Oregon has a schedule that is highly dependent on the HIX-IT, Modernization, and OIS foundational services schedules. And vice versa.

A number of basic project processes are not fully implemented within the OIS project structure (e.g., change control, testing, common estimation methodology, common schedule methodology, common activity diagramming methodology, etc.)

The current high level CO Timeline and the more detailed MS Project Schedule do not have specific usability testing activities identified.

Risks:

1) With the project deadline less than 1 year away and the lack of a stable and experienced organization, development and delivery teams within OHA as well as the requirements delay within CO, the probability of missing the target date is currently an issue.

Recommendations:

1 CO should prepare a number of trigger points over the remaining timeline of the project to ensure that scope is continually sized to meet the target date. For example, on November 5th 2012 OHA OIS is scheduled to deliver a detailed project schedule for the remainder of the HIX-IT project. On this date, CO should

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have a formal review with the OHA CIO, HIX-IT, foundational services project teams and QA to understand in detail the project approach, schedule, dependencies and issues. This information can then be utilized to gauge the progress against an internal CO confidence checklist. The objective of this review should be to determine if significant components of scope should be deferred. Each trigger point would have a different checklist depending on where the project is on the timeline. An example of a checklist for Nov 5th could be as follows:

- Can scope be locked?
- What percent of scope is outstanding?
- Are schedules for all of the project areas complete, detailed, synced, and tracked using a common methodology?
- Are all project schedules being developed with a common estimation methodology?
- Are key dependencies identified within the schedules and are they listed for the executive management to review?
- Do the schedules have any slack in them and/or does all the scope fit within the current schedule?
- Do the schedules allow for any refinement once the system is constructed?
- Do the Oracle teams agree with the schedules?
- Have Modernization and CO documented the integration points within the application for "No Wrong Door"?
- Is the data that is to be passed from each application clearly documented?
- Is HP ALM operational?
- Are the test teams on board?
- Is there a functional, technical and data governance structure that is balanced and transparent to CO in place and operational?
- Are notes and decisions from these committees clearly documented for the development teams to build from?
- Etc.

The answers to this checklist can then determine a go/no-go for the current scope. If the decision is a no-go for the current scope, CO should have a list of predefined, prioritized and agreed to scope reduction options that can be employed immediately. Scope reduction options could be looked at from a horizontal (across all CO application components) and then, if need be, from a vertical application perspective. An example of scope reduction options could be as follows:

Scope reduction examples from a horizontal perspective:

- Reduce the complexity of the current architecture.
- Defer the merge and rebaseline of code until after go live.
- Implement separate instances of Oracle components that are dependent on interagency business integration.

- Reduce the dependency on the integration with other programs by deferring the "No Wrong Door" approach.
- Implement UI wireframes using Siebel.
- Etc.

Scope reduction examples from a vertical perspective:

1 Defer significant portions of the PeopleSoft components and process the billing manually.
2 Defer electronic plan loading from the Carriers.
3 Defer online Medicaid eligibility, plan selection and enrollment within the Exchange and process them manually.
4 Etc.

Each of these options would be pre-sized so that depending on the amount estimated schedule variance or slack desired by CO an equal amount of scope can be deferred. For example, if the schedule is off by 20% and reducing the complexity of the architecture can save 20% in the schedule then this would be employed because it is prioritized high and equals the needed time savings.

The formality of this process will give CO executive management a clear understanding of the project status and enable them to pull the appropriate levers to make the project successful at a variety points in the upcoming year.

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Att D: "No WrongDoor" Cooperation (Sept 2012 Finding)

Findings:

OHA/DHS and CO have a general agreement to create a "no wrong door" approach for eligibility and enrollment for state-sponsored medical programs and commercial insurance. This requires the businesses be aligned from both the operational perspective and the informational technology perspective to create a "to-be", future business state model. This is truly a transformation to the way that health coverage is to be administered across the state. Unfortunately, there is no clear authoritative document that defines the expectations for all the programs, authority/delegated authority, governance and detailed functional roles and responsibilities.

This overall business transformational effort that is being under taken is also not currently being tracked like a formal project. Typically a project of this size would have specific governance reporting, charter, scope, tasks, milestones, deliverables, and deadlines for the interagency work that is to be accomplished both operationally and technically.

For example, technical/architectural decisions are being made that may not fully align with the intent of the CO business model. The situation is aggravated by the lack of clear and comprehensive documentation for interagency cooperation with respect to requirements, process interface points, data passing, data sharing, portal entry and exit points, identity and access management, and document sharing.

Risk:

- Lack of a clear, detailed, integrated view of "no wrong door" will hamper a smooth implementation of this vision
- Lack of clear direction, governance, and delegation of authority from the OHA, DHS and CO leadership will result in a missed opportunity to integrate the "no wrong door" approach in time for the October 2013 opening the Exchange.
- Lack of a formal structure for this interagency business project will result in open ended work that may or may not yield sufficient information in time to be incorporated into the development schedule.
- Without clear direction/requirements from the businesses, technical decisions will be made that may or may not align to the long term operational plan for the businesses. This may require rework or additional future project to realign the technical decisions being made.
- Without clear operational agreements, staff will not be efficient in executing required transitional tasks for their programs, e.g., process reengineering, job reclassification, resource plans, inter-program agreements, etc.
- Without a defined process, project, and governance transparency, QA, development, operations, and executive management in the stakeholder agencies will not be able to monitor the progress of the effort to ensure that it is

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implemented in a timeframe and manner that fits the vision outlined by the Directors of OHA and DHS, the Executive Director of CO for the State of Oregon.

Recommendations:

- The Executive Directors from OHA and CO should commission the business leaders to draft a charter document for interagency transition project. An example of the makeup of a charter document may include:
- General vision of all the leaders.
- Scope, which identifies all the agency programs that are required to participate in the effort.
- Governance structure that identifies the two Executive Directors of OHA and CO as the sponsors identifies the business executive's steering committee and their responsibilities.
- Assignment of a project manager and scheduler that will produce a baseline schedule within 15 calendar days of charter implementation.
- High level deliverables, such as:
    1. All relevant agencies submit detailed information to a "no wrong door" operational and technical plan that will identify the "to-be" operational and technical requirements. This document will be required to be delivered to the steering committee no later than 45 calendar days after the project charter is released. This document should include:
    2. Identification of all policy changes for each program with respect to the "no wrong door" initiative.
    3. Identification of the following information about each on-line application:
    4. General screening requirements for all programs (Medicaid, QHP, etc).
    5. Detailed map of how clients will access each program through the on-line portal (client direct, community partner, navigator staff portal, etc).
    6. Specific data elements that is required for each application when they are passed from another application.
    7. Identification of a common point of transfer (after screening, after application completion, etc.)
    8. Identification of a common point of entry from a transfer (at additional screening point, selection of benefit, etc.)
    9. Identification of the following information about their handling of paper and fax applications, phone/IVR applications:
    10. Identification of the agency that will handle processing of specific applications/or portions of applications.
    11. "Warm" handoff of clients that call in and require a transfer to another agency.
    12. Identification of common staffing of support and customer service centers, if required.
    13. Identification of any issues, risks, barriers, roadblocks or concerns to implementing the operational and technical plan. Along with any roadblocks, barriers or concerns, the agency should propose a solution or solutions as a remedy.
    14. Recommendations for the content of an integrated transition plan.
    15. High-level schedule, including definition of "no wrong door" process flows and detailed requirements.

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Att E: (Closed and Deleted) Architecture Simplification (Nov 2012 Finding)

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Att F: Risk Analysis for Security Implementation (Jan 2013 Finding)

Finding:

A formal security risk assessment has not been conducted on the following items:

4 Individual authentication and ID proofing process
5 Employer authentication and ID proofing process
6 Medicaid authentication and ID proofing process.
7 Co-mingling of business and user functions within the same user account.

The standard approach to implementing security controls is to utilize best practices as a guideline. Typically NIST 800 series documents are considered best practice guidelines and should be utilized in conjunction with other vendor best practices if available. Typically vendor best practices also rely on the NIST and other federal and industry documents and provide additional details as to how to implement specific products.

> **Cover Oregon Response:** Because of the nature of Cover Oregon and the type of info it will be gathering and sharing (PMI), it will need to be HIPPA compliant (which includes PMI requirements), we need to make sure we are addressing those requirements in this attachment, or some other attachment.
>
> Cover Oregon met with the state to get that process started. There is a checklist of all the things that the state feels Cover Oregon will need to address in order to meet the Federal HIPPA requirements. The Security Officer that Cover Oregon is in the process of hiring should own the completion of the processes laid out in this checklist as well as develop a timeline for completing all of the items in the above mentioned checklist then add those major milestones in Cover Oregon's project plan so there is wider visibility on the completion of those major milestones.

The NIST documents typically will use the term guideline in their titles and will often link to other federal documents that are to be considered prior to the reading of the current document. The Office of Management and Budget (OMB) will issue circulars, bulletins and memorandums as guidance to Federal, State and Local governments.

In this area of e-authentication NIST 800-63 'Electronic Authentication Guideline' references the 5 step process from the OMB M 04-04 'E-Authentication Guidance for Federal Agencies'. Page 1 states the following:

OMB guidance outlines a 5-step process by which agencies should meet their e-authentication assurance requirements:

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1. Conduct a risk assessment of the government system.
2. Map identified risks to the appropriate assurance level.
3. Select technology based on e-authentication technical guidance.

> **Cover Oregon Response:** Cover Oregon has been working closely with Oracle and the State to ensure that all applications & required hardware are compliant with all security requirements

4. Validate that the implemented system has met the required assurance level.

> **Cover Oregon Response:** The new Security Officer that Cover Oregon is in the process of hiring will conduct this, and will be part of the "timeline" referenced above.

5. Periodically reassess the information system to determine technology refresh requirements.

> **Cover Oregon Response:** This will be part of the policies & procedures that the new Security Officer will be finalizing upon their hiring.

This document (NIST 800-63) provides guidelines for implementing the third step of the above process. After completing a risk assessment and mapping the identified risks to the required assurance level, agencies can select appropriate technology that, at a minimum, meets the technical requirements for the required level of assurance. "

Steps 1 and 2 of the 5 step process above are addressed by the OMB 04-04 document. On page 1 of the OMB M 04-04 document it states, 'This document will assist agencies in determining their e-government authentication needs. Agency business-process owners bear the primary responsibility to identify assurance levels and strategies for providing them. This responsibility extends to electronic authentication systems." This document also states in section 4.4 "It is also important to match the required level of assurance against the cost and burden of the business, policy, and technical requirements of the chosen solution."

The HIPAA security rule, IRS 1075, NIST 800-63 and OMB 4-4 all recommend a risk analysis as a key part of the process for designing security controls for a government agency.

In general, a good risk analysis not only includes the probability of threats and vulnerabilities from the security perspective, it also includes the burden (cost, complexity and usability) to the business of implementing the recommended security control. It must do this because some security controls may be too costly or too complex for the agency or the public for which they serve.

Cover Oregon Response: Cover Oregon started the process of working with the State on this assessment, and definition of ongoing policies and procedures to ensure compliance now and into the future.

The state will need to make an initial response to the Federal Government on the steps that Cover Oregon has taken and will need to take over in the coming months to comply with all Federally mandated HIPPA and other security requirements. Various Cover Oregon resources are engaged in this effort.

Risks:

- Enrollment rates and brand perception can be affected by an exchange user experience that is considered too complex or difficult.
- Without a proper risk analysis by a skilled security professional (inclusive of business risks) OHA and CO will be at odds as to what are the technical risks are and how they are balanced against the business requirements.
- The business and technical side, given deadline pressure, will indicate that it is too late for a proper risk analysis and that the project must accept where it is and move forward anyway. This may be true, however, this issue will plague the business for years to come either by reduced online enrollees or by being compromised by malicious actors.
- Both sides (technical and business) will state that it is too late to conduct the risk analysis. This may be true for the April 30th deadline, however, if the initial system proves to be too cumbersome to navigate during usability testing or to easy to compromise, a system retool may be necessary prior to Oct 1 launch. Without a proper risk analysis the retool runs the risk reopening the debate between technical and business groups and/or of moving the system to the other extreme.
- Without a balanced risk analysis the system design at launch will be dictated by the loudest voices, fear, uncertainty and doubt arguments from both sides of the issue. Typically the technical groups will err on the side of too much security and the business will err on the side of too little security. Both conditions are problematic.
- Without a firm foundation on the true technical risks the security and business groups will be at odds with each other and with CMS and IRS in the future. Lack of foundational analysis will set the stage for a constant rehash of the issues.
- The State of Oregon was given an "Early Innovator Grant" with the understanding that new ground will be broken in many areas. The Federal government expects to be challenged and also to learn from the experiences of the innovator States. These experiences help to shape policy, best practices or federal guidance. The security issues above are very good examples of a new area that will benefit from thoughtful analysis that can be shared with the Federal government and other states going forward.
- Federal regulations require Cover Oregon to comply with HIPPA requirements due to the PMI information CO will be gathering and sharing through the exchange. Failure to comply with these requirements could result in sizeable fines and/or shutting down the exchange

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Recommendations:

- Request a formal report from the Federal entities on their risk analysis that supports any position they may currently have. Have this report reviewed by an outside security firm that is skilled in balancing security and usability for government and ecommerce systems.

  Cover Oregon Response: The state is working on this report with the support of Cover Oregon.

- (In process) Hire a national security firm to conduct research and a security risk analysis that is limited to the scope of the items identified in the findings above. This analysis can then be used to adjust the system security controls prior to, or after the launch if required.

  Cover Oregon Response: Cover Oregon will take this into consideration

- Release the research and security risk analysis results to CMS and other states as a model of how to balance security and usability for Health Insurance Exchanges going forward.

  Cover Oregon Response: Cover Oregon needs to hire a Security Officer who will ensure all required policies and procedures to meet the HIPPA requirements are completed. By working with the state, the Security Officer will validate Cover Oregon meets all HIPPA requirements prior to "go-live" and has the ongoing reviews, validations and audits required to ensure continuing compliance with those same HIPPA regulations.

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Att G (Updated May) Scope Management and Product delivery (Feb 2013 Original Finding)

Cover Oregon Response: Cover Oregon has deployed a business-driven Scope Management process that supplements original scope management work that began in August 2012. The basic process includes:

- A recurring meeting that includes a cross-organizational team of executives and decision makers.
- An information-based approach that considers mitigation opportunities through: (1) reducing/delaying scope; (2) increasing development capacity, and; (3) expanding the development timeline.
- A regular update and evaluation of scope delivery metrics that allows immediate adjustments and additional actions to be taken.

The results of this process have been positive. The team realizes that there is still considerable risk that must be managed. The following changes have occurred so far:

- Technical interfaces have been reduced from 62 to 39 -- a 37% reduction in interface scope.
- At-risk Medicaid data exchange scope has been managed through communication of a "must have" 4/1 date for completion with planned work-around by Cover Oregon if not delivered. Expectations for what will be delivered on 4/1 were clearly articulated to OHA partners.
- Less than 2 months ago, Maximus estimated that the functional scope was 5 months behind with development work (including merge and rebase; the most recent estimate is approximately 30 days.
- Foundational services scope, while still a struggle for Cover Oregon to affect within OHA/OIS, has seen progress and is now integrated into the functional scope dependencies and management process.

In addition to the work mentioned above, other practices have been deployed to expedite scope issue resolution and decision-making. A 3 x weekly "Scrum" call provides cross-functional issue resolution and tracking with the JIRA system. Most recently, a 3x weekly Development Blocker Resolution meeting was deployed and deemed successful by all involved. Cover Oregon has carefully considered the input provided by Maximus and remains open and attentive to the high quality assistance that has been provided on this project. Cover Oregon also realizes that continued focus must be applied to scope management to navigate toward a successful 10/1/2013 launch date.

Findings (Updated May):
Additional Scope has been deferred to 12/1/13 in order to achieve the Oct 1st delivery date. Details of the deferment are not yet published. It is expected that the deferment is focused primarily on back office functions and functional components not required for pre-enrollment, i.e., customer service, billing, etc.

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A 20% slack was added to the schedule as part of the scope deferment.

A business use case process has been instituted and is beginning to prove effective in the scope management process.

Risks:

- Past deferment efforts have proved insufficient due to an over optimistic expectation of requirement elaboration containment, task dependency control and development level of effort estimation. It is unclear how this process has changed to correct past estimation errors.
- Scope deferment requires effort from BA's, SME's, development and test personnel. LoE and may not be accounted for in the deferment process.
- 20% slack is probably not sufficient, 30+ % was recommended by QA months ago and this proved to be optimistic.
- Testing schedule will continue to be compressed as additional issues arise and have to be mitigated for in the schedule.

Recommendations:

1. Closed.

2. Closed.

3. Closed.

4. Additional slack should be provided for in the schedule beyond the 20% currently estimated.

5. Continue to refine the Business Case process by challenging the SME's to detail and refine their facts and estimates used in their justifications.

6. CO should prepare for additional scope deferment or schedule slip to the Oct 1st date.

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Oregon Health Insurance Exchange Corporation (ORHIX) / Cover Oregon (CO) Monthly Quality Status Report

July 2013

Deliverable #2.1.g

DRAFT

Dated: August 20, 2013

TABLE OF CONTENTS

SECTION 1: Introduction

Cover Oregon (CO) recognizes the value of an independent, third-party formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

1 **Initial Risk Assessment** - identification of initial risks facing CO
2 **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
3 **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of July, 2013. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.

Since July 2011, the Oregon Health Authority (OHA) has led the design and implementation of the Health Insurance Exchange – Information Technology (HIX-IT) solution, building upon the Oracle products and Enterprise architecture envisioned by the State of Oregon.

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SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. In other words, progress in some areas since last month is offset by the fact that there is one less month until the federally mandated deadlines. Additionally, each rating category will carry a different relative weight when assessing the overall risk level of the effort. For example, while 10 out of 16 Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule", and "Inter-Org Coordination" remain high (red), which drives the overall high (red) risk assessment.

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally. For example, in order to meet the federal requirement that the Exchange be up and running by January 1, 2014, the system must be completed and ready to accept enrollments by October 2013. This is clearly a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is evolving rapidly and was dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of July, including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO continues to make positive and significant progress towards the launch of the Oregon Health Insurance Exchange. The organization has and continues to demonstrate flexibility and creativity in dealing with this complex system delivery.
- CO has signed up 1,700 Agents to participate in the Exchange.
- CO has trained 1,000 of those Agents on the prototype system.
- CO is continually tightening the requirements change process to help stabilize the requirements for the first release.
- CO added additional development staff in an effort to incorporate as much scope as possible for the Oct release.

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- CO is developing contingency plans to help ensure that scope that is not completed can be worked around for launch.
- Significant progress continues to be made with the development and delivery of the Medicaid interfaces into MMIS.
- CO is developing a launch checklist to determine readiness at launch.

The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

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Table 1: Summary Quality Standards Scorecard

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Quality Rating Category	QA Risk Level	Priority QA Finding and Recommendations	CO Risk Level	CO Response
OVERALL HEALTH		• See below for specific priority recommendations. • Continue to review, update, and track all outstanding quality risks and recommendations.		• The project health remains high risk as we approach 10/1.
Business Mission and Goals		• CO continues to develop a System Launch plan. This effort is intended to synchronize the development, business operations and marketing efforts for the initial launch.		• Yes the Launch Plan, Go Live Checklist and Contingency Planning efforts are the Cover Oregon efforts to prepare for Go Live.
Roadmap	***Med***	• The roadmap for the first release will be in flux until final development sizing for the remaining iterations are completed. This work is expected to continue into the final iteration. • A second release of the system is expected to take place in Dec of this year. This release will have features that are not critical for the Oct release, but critical for the Jan 1st date. • A roadmap business case process has been instituted and tested.	***Med***	• The final scope for 10/1 is defined, with At Risk items identified and tracked as part of daily and weekly escalation mtgs. • Releases for Full Launch and Enrollment in Oct and November are planned, in addition to the December 1.1 release. • Additional releases beyond December have been discussed but have not yet been finalized.
Scope		• The current CO release strategy is to launch all three lines of business Oct 1st 2013. This release is targeted to only Agents and Community Partners. • CO has deferred the Medicaid Assessment work for the Oct release. The current plan is to implement Medicaid eligibility and enrollment for the Oct release. This increases the dependency on OHA delivering their interfaces into the legacy systems. • See attachment G (updated) for detailed findings and recommendations.		• Yes, this is all accurate for this point in time.
Schedule		• Develop and publish schedule variance reports for all three schedule components Variance reports should be used to identify estimation issues and minimum slack requirements in future scheduling activities. • Continue working towards a integrated and resource loaded schedule for HIX-IT and OIS foundational services. • Continue to identify project		• CO is closing down the Schedules for 10/1 and will be starting a new schedule for release 1.1 that is a technology integrated schedule. New schedule to include Release 1.1 deliverables across all teams including previously known as "foundational services", Environments delivery and production readiness

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Table 2: QA Risk Level Tracking

Quality Rating Category	*Oct '12*	*Nov '12*	*Dec '12*	*Jan '13*	*Feb '13*	*Mar '13*	*Apr '13*	*May '13*	*June '13*	*July '13*
OVERALL HEALTH										
Business Mission and Goals	*M*	*M*	*M*	*M*	*M*	*M*				
Roadmap	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*
Scope										
Schedule										
Budget	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*
Funding	*M*	*M*	*M*							
Board Governance										
Inter-Org Coordination										
Organizational Management	*M*									
Human Resources	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*
Stakeholder Management										
Communication	*M*						*M*	*M*	*M*	*M*
Project Management	*M*	*M*	*M*	*M*	*M*	*M*				
Contract Management	*M*	*M*	*M*	*M*	*M*	*M*				
Product Content										
Testing	*M*	*M*	*M*	*M*						

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SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of July, 2013.

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Section 4: Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. At the client's request, unique numbering has been introduced for both risks and recommendations, to assist in tracking. For example, risks in the Business Mission and Goals section of the report can be identified as Risk-BMG-1, Risk-BMG-2, etc. Recommendations can be similarly, uniquely identified. The integrity of the numbering will be preserved during future reports.

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Table 3: Detailed Quality Standards Scorecard

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	Quality Rating Category	May2013	June 2013	Risk Assessment Finding, Risks, and Recommendations
O M	**Business Mission and Goals (BMG)**	[redacted]		
				Findings During Period: • CO continues to develop a System Launch Plan. This document is expected to further detail the various exchange functions and plans for the first release of the exchange. • The business mission and goals between OHA and CO are not fully aligned with respect to Medicaid. Work is being done in this area and significant progress is being made, however, the cultures and timelines are different. CO has formally notified OHA of their expectations, trigger events and dates they will use to determine if a contingency plan must be implemented for the Oct 1st release. IGA's are expected to be in place and verified by 9.1.13. ***Risks:*** 1. Closed 2. Without clear understanding, communication and alignment of the deadlines and priorities for the Oct 2013 release between the business units (CO, OHA) may result in delayed launch for Medicaid. 3. Without a detailed system launch plan, coordination of IT, OPS and Marketing may not be in full alignment for the launch window. ***Recommendations:*** 1. Closed. 2. Closed. 3. Closed. 4. (In process) The detailed system launch plan is intended to be an extension of the business model for the Exchange. This document should detail all relevant assumptions, risks, constraints and contingency plans. Update in detail, all revenue projections with justification of why they are valid. Update, in detail all costs with justification of their validity. This information should be used to model and determine long-term sustainability in a variety of circumstances. 5. Clearly identify the business roadmap and ensure that it is connected with the business modeling and Business Plan. 6. Closed. 7. Closed. 8. Closed 9. Closed 10. Finalize the IGA's with OHA concerning Medicaid operations as soon as possible.
	Roadmap (RM)	**Med**	**Med**	
cc				***Findings During Period:*** • A roadmap business case process has been instituted. The first business cases are rudimentary and it is expected as the process matures that more sophisticated analysis will be provided with the business case. • The roadmap for the first release will be in flux until all dependencies and development efforts are fully identified and properly estimated. Additional scope may need to be deferred as a more detailed level of effort is provided. See Att G detailed findings and recommendations. • A second release of the system is expected to take place Dec of 2013. This release will have

SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	Cover Oregon agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue.
Business Mission and Goals	The Go-Live Launch team has been established and the plan is being developed. Cover Oregon agrees that the coordination between OHA/DHS and Cover Oregon policy and business operations is vital to planning operational procedures for Medicaid processing. Cover Oregon is working closely with OHA to clarify dates and expectations. OHA and Cover Oregon leadership are working together to resolve the Medicaid scope issue. OHA, DHS and Cover Oregon staff have been working together on multiple "work streams" related to Medicaid processing with decisions coming out of those meetings and being approved by OHA, DHS and Cover Oregon leadership authorized to finalize and sign off on these decisions. The launch plan is being developed to ensure successful day 1 (10113) operation.
Roadmap	The current road map outlines the products, services and functionality that will be delivered in Version 1.0 of the exchange. A cross-functional team is compiling and prioritizing products and services for post-1.0 upgrades in 2014, Version 2.0 and beyond. This work is based on a formal process for determining priority functionality and scope.
Scope	Remaining open scope issues are being resolved through the change management and development "blocker" resolution processes.
Schedule	Cover Oregon continues to build and update a comprehensive schedule as is outlined in the organization's schedule management process. New discovery will occur but Cover Oregon and HIX-IT have established adequate controls. Cover Oregon is also working closely with OHA to identify and mitigate project dependencies.
Budget	Cover Oregon agrees that by increasing Oracle development and testing staff to complete the first release has had an overall impact to the budget. Cover Oregon is also contracting directly with the vendors as part of the transition from OHA. The Cover Oregon budget is completely stand-alone.
Funding	In February 2013, Cover Oregon received Federal approval of its $226 million Level 2 funding request. Approximately $90 Million is for IT.
Board Governance	MAXIMUS correctly notes that the Executive Director and staff routinely meet with the Board and its finance committee, providing members with a variety of informational

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	documents.
Inter-Org Coordination	Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon is vital to planning the operations for Medicaid processing. Medicaid interfaces have been delivered and are moving into testing. Cover Oregon is currently utilizing PM staff for reporting and external interface management. On an ongoing basis the CO dependency on OHA will be exclusive to Medicaid interfaces & some Medicaid support operations.
Organizational Management	Cover Oregon agrees that the organization is growing at a very quick pace. The organization and its staff are adapting and managing to change.
Human Resources	The scope of the staffing strategy takes into account the need to manage from the hardware to application configuration and management. Finalizing scope deferral will help Cover Oregon address potential staffing/resource needs.
Stakeholder Management	Cover Oregon continues its proactive outreach and stakeholder communication efforts.
Communication's	The marketing and communications teams are preparing for any changes in initial launch so that expectations can be set with stakeholders and consumers, and marketing materials are appropriate to the situation.
Project Management	Cover Oregon agrees that scope and schedule must be managed very closely through final development.
Contract Management	Cover Oregon utilizes a Work Breakdown Structure (WBS) to identify activities to be completed on the way to Day 1 of open enrollment. Tasks that are assigned to contractors have been identified and are being tracked, as are other resources.
Product Content	Product content is now managed by CO. Security implementation is well defined, Medicaid interfaces are developed, are in testing. The technical documentation is in progress including architecture, technical and functional design. For Release 1.1 the expectation is that Oracle will be design complete before starting development on 10/2.
Testing	Cover Oregon is now managing the entire testing effort and is increasing level and detail of test reporting. Cover Oregon will closely coordinate the parallel aspects of all testing.

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SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

	Probable/eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
	Possible/unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT		
	Low	Med	High
High	MED		
Med		MED	
Low			MED

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Att A: Detailed Security Concerns (Update July 2013 Findings)

Findings:

- The current Identity and Access Management (IAM aka. IDM), Single Sign On (SSO), External Self-Administered Role and Role Based Access (RBAC) strategy is not well defined and can be characterized as follows (Note: this information was identified in the recent HIX-IT Logical Structure of Account 4 Whitepaper):
  - Every user in the system will have single sign-on capability in the system. This means that individual and business functions are comingled in accounts.
  - Internal staff roles in the system are not defined.
  - External roles are intended to be self-administered, i.e., a user can join or revoke other users into and out of their accounts.

Risks:

1. Comingling of individual and business accounts is highly unusual especially in the health insurance field. While it seems like a convenience, it may not be desirable from a user, technical, or security perspective. For example, an individual user may also be a Broker. This person may log into their account at home on their personal computer. If this computer is infected with key logger, user account login information could be compromised. A malicious user would then have access to the Brokers personal account and also their Broker account which potentially compromises other employer accounts the Broker may be attached.
2. Closed
3. Additional levels of verification may need to be exercised for different roles in the system, For example, how will a Broker prove they are a legitimate Broker in the system? Not clearly planning, defining and detailing the strategy up front can result in significant delay or work stoppage in the project due to security, usability or technical issues that will continue to pop up in the project without a proper strategy and planning effort.
4. Internal system role definition may alter the expected business workflow of Cover Oregon. Doing this work later in the development or after the system is developed can cause rework and or surprises in staff workflow.
5. External self-administered roles currently known in the industry as Enterprise Dynamic Access Control (EDAC) create additional complexity of the public user experience. These types of architectures are relatively new for public use environments and if deemed too complex and not intuitive for average users, it can result in nonuse of the Exchange by the public.
6. Exchange liability for fraudulent activity due to ineffective identity management and self-administered roles is not fully evaluated. For example, Cover Oregon may be held liable or publicly embarrassed if a person fraudulently became a broker in the system and was found to be attached to a number of large Employer accounts. These types of externally, self-administered implementations are relatively new and fraught with risk for a known marketplace, let alone a marketplace in its infancy.

Recommendations:

1 Account comingling: Cover Oregon should find an existence proof of individual and business comingling approach in the health care field prior to implementing this strategy. If precedence is

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found in the market, Cover Oregon should seek out the entity and be thoroughly briefed by the entity prior to making this decision.

2 Closed

3 Closed

4 Closed

5 Internal role definition: Cover Oregon should overlay role requirements on their internal workflow diagrams to ensure these are identified early in the development process. There are a number of engineering articles on methods for diagramming these requirements.

6 External Self-Administered Roles: Research should be conducted by Cover Oregon to fully understand what the failure rates of these types of implementations from a usability perspective. An expert should be consulted to guide Cover Oregon of necessary.

7 (Closed)

8 Reviewing analogous IDM and External Enterprise Dynamic Access Control implementations in the market place should be conducted by Cover Oregon. A comprehensive, detailed strategy should be developed and vetted by Cover Oregon and potentially an independent expert in this field.

9 Closed.

10 Closed

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Att B: Detailed Tracking and Reporting (Updated June 2013)

Finding:

- The full scope of the project development work is not fully articulated to management at Cover Oregon in a comprehensive manner. The issues are as follows:
  - There are a number of areas that need developed, including:
    - Use cases (general configuration of HIX-IT Components)
    - Interfaces to external IT Systems
    - User Interface
    - Oracle Policy Automation rule development
    - Security
    - Content Management
    - Data classification and segmentation
    - Rework and refinement
  - (Closed)
  - (Closed)
  - Requirements completion tracking is not in effect. Requirements/changes to requirements is ongoing.
  - CO is tracking progress against Use Cases and Level of Effort. These metrics are better than before, however, they do not provide a good schedule view which include dependencies is not accurate reporting to management.
  - Areas of the project do not track their progress using Use Cases and/or LoE, This disjointed reporting does not provide and accurate picture of the overall LoE of the project.

Risks:

1. Measuring Exchange Development progress via the number of use cases and LoE only will cause incorrect expectation setting and confusion on the part of Cover Oregon management over the coming months.
2. Calling use cases "complete" is problematic and may cause incorrect expectation setting and confusion on the part of Cover Oregon.
3. Lack of requirements monitoring and tracking will cause the timeline to continue to slip.
4. Without clear understanding of dependencies and connection to application development LoE accurate or reasonable timelines cannot be established and reported to management.
5. Lack of consistent estimating techniques among the various groups will result in surprises with respect to the delivery of items that are considered dependencies from other groups.

Recommendations:

1 Cover Oregon should work with ORACLE Program Management to establish a more comprehensive methodology for estimating work to completed and the level of effort required for the major components of the project. Understanding dependencies of these groups is critical to reporting an accurate schedule.

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2 The estimating methodology established above should be closely monitored by Cover Oregon to determine its accuracy over the next few months.

3 Cover Oregon PM should clearly articulate, via significant development areas and metrics, the IT development work in a manner that clearly represents a more comprehensive view of the project and progress, i.e., provide a more holistic reporting of the project development tasks

4 Closed

5 Dependencies should be included in estimating the overall timeline of the project, not just LoE and Use Cases.

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Att C: (Closed) Contingency Planning (Sept 2012 Finding)

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Att D: "No WrongDoor" Cooperation (Sept 2012 Finding)

Findings:

OHA/DHS and CO have a general agreement to create a "no wrong door" approach for eligibility and enrollment for state-sponsored medical programs and commercial insurance. This requires the businesses be aligned from both the operational perspective and the informational technology perspective to create a "to-be", future business state model. This is truly a transformation to the way that health coverage is to be administered across the state. Unfortunately, there is no clear authoritative document that defines the expectations for all the programs, authority/delegated authority, governance and detailed functional roles and responsibilities.

This overall business transformational effort that is being under taken is also not currently being tracked like a formal project. Typically a project of this size would have specific governance reporting, charter, scope, tasks, milestones, deliverables, and deadlines for the interagency work that is to be accomplished both operationally and technically.

For example, technical/architectural decisions are being made that may not fully align with the intent of the CO business model. The situation is aggravated by the lack of clear and comprehensive documentation for interagency cooperation with respect to requirements, process interface points, data passing, data sharing, portal entry and exit points, identity and access management, and document sharing.

Risk:

- Lack of a clear, detailed, integrated view of "no wrong door" will hamper a smooth implementation of this vision
- Lack of clear direction, governance, and delegation of authority from the OHA, DHS and CO leadership will result in a missed opportunity to integrate the "no wrong door" approach in time for the October 2013 opening the Exchange.
- Lack of a formal structure for this interagency business project will result in open ended work that may or may not yield sufficient information in time to be incorporated into the development schedule.
- Without clear direction/requirements from the businesses, technical decisions will be made that may or may not align to the long term operational plan for the businesses. This may require rework or additional future project to realign the technical decisions being made.
- Without clear operational agreements, staff will not be efficient in executing required transitional tasks for their programs, e.g., process reengineering, job reclassification, resource plans, inter-program agreements, etc.
- Without a defined process, project, and governance transparency, QA, development, operations, and executive management in the stakeholder agencies will not be able to monitor the progress of the effort to ensure that it is

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implemented in a timeframe and manner that fits the vision outlined by the Directors of OHA and DHS, the Executive Director of CO for the State of Oregon.

Recommendations:

- The Executive Directors from OHA and CO should commission the business leaders to draft a charter document for interagency transition project. An example of the makeup of a charter document may include:
- General vision of all the leaders.
- Scope, which identifies all the agency programs that are required to participate in the effort.
- Governance structure that identifies the two Executive Directors of OHA and CO as the sponsors identifies the business executive's steering committee and their responsibilities.
- Assignment of a project manager and scheduler that will produce a baseline schedule within 15 calendar days of charter implementation.
- High level deliverables, such as:
    1. All relevant agencies submit detailed information to a "no wrong door" operational and technical plan that will identify the "to-be" operational and technical requirements. This document will be required to be delivered to the steering committee no later than 45 calendar days after the project charter is released. This document should include:
    2. Identification of all policy changes for each program with respect to the "no wrong door" initiative.
    3. Identification of the following information about each on-line application:
    4. General screening requirements for all programs (Medicaid, QHP, etc).
    5. Detailed map of how clients will access each program through the on-line portal (client direct, community partner, navigator staff portal, etc).
    6. Specific data elements that is required for each application when they are passed from another application.
    7. Identification of a common point of transfer (after screening, after application completion, etc.)
    8. Identification of a common point of entry from a transfer (at additional screening point, selection of benefit, etc.)
    9. Identification of the following information about their handling of paper and fax applications, phone/IVR applications:
    10. Identification of the agency that will handle processing of specific applications/or portions of applications.
    11. "Warm" handoff of clients that call in and require a transfer to another agency.
    12. Identification of common staffing of support and customer service centers, if required.
    13. Identification of any issues, risks, barriers, roadblocks or concerns to implementing the operational and technical plan. Along with any roadblocks, barriers or concerns, the agency should propose a solution or solutions as a remedy.
    14. Recommendations for the content of an integrated transition plan.
    15. High-level schedule, including definition of "no wrong door" process flows and detailed requirements.

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Att E: (Closed and Deleted) Architecture Simplification (Nov 2012 Finding)

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Att F: Risk Analysis for Security Implementation (Jan 2013 Finding)

Finding:

A formal security risk assessment has not been conducted on the following items:

1. Individual authentication and ID proofing process
2. Employer authentication and ID proofing process
3. Medicaid authentication and ID proofing process.
4. Co-mingling of business and user functions within the same user account.

The standard approach to implementing security controls is to utilize best practices as a guideline. Typically NIST 800 series documents are considered best practice guidelines and should be utilized in conjunction with other vendor best practices if available. Typically vendor best practices also rely on the NIST and other federal and industry documents and provide additional details as to how to implement specific products.

The NIST documents typically will use the term guideline in their titles and will often link to other federal documents that are to be considered prior to the reading of the current document. The Office of Management and Budget (OMB) will issue circulars, bulletins and memorandums as guidance to Federal, State and Local governments.

In this area of e-authentication NIST 800-63 'Electronic Authentication Guideline' references the 5 step process from the OMB M 04-04 'E-Authentication Guidance for Federal Agencies'. Page 1 states the following:

OMB guidance outlines a 5-step process by which agencies should meet their e-authentication assurance requirements:

1. Conduct a risk assessment of the government system.
2. Map identified risks to the appropriate assurance level.
3. Select technology based on e-authentication technical guidance.
4. Validate that the implemented system has met the required assurance level.
5. Periodically reassess the information system to determine technology refresh requirements.

This document (NIST 800-63) provides guidelines for implementing the third step of the above process. After completing a risk assessment and mapping the identified risks to the required assurance level, agencies can select appropriate technology that, at a minimum, meets the technical requirements for the required level of assurance. "

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Steps 1 and 2 of the 5 step process above are addressed by the OMB 04-04 document. On page 1 of the OMB M 04-04 document it states, 'This document will assist agencies in determining their e-government authentication needs. Agency business-process owners bear the primary responsibility to identify assurance levels and strategies for providing them. This responsibility extends to electronic authentication systems." This document also states in section 4.4 "It is also important to match the required level of assurance against the cost and burden of the business, policy, and technical requirements of the chosen solution."

The HIPAA security rule, IRS 1075, NIST 800-63 and OMB 4-4 all recommend a risk analysis as a key part of the process for designing security controls for a government agency.

In general, a good risk analysis not only includes the probability of threats and vulnerabilities from the security perspective, it also includes the burden (cost, complexity and usability) to the business of implementing the recommended security control. It must do this because some security controls may be too costly or too complex for the agency or the public for which they serve.

Risks:

- Enrollment rates and brand perception can be affected by an exchange user experience that is considered too complex or difficult.
- Without a proper risk analysis by a skilled security professional (inclusive of business risks) OHA and CO will be at odds as to what are the technical risks are and how they are balanced against the business requirements.
- The business and technical side, given deadline pressure, will indicate that it is too late for a proper risk analysis and that the project must accept where it is and move forward anyway. This may be true, however, this issue will plague the business for years to come either by reduced online enrollees or by being compromised by malicious actors.
- Without a balanced risk analysis the system design at launch will be dictated by the loudest voices, fear, uncertainty and doubt arguments from both sides of the issue. Typically the technical groups will err on the side of too much security and the business will err on the side of too little security. Both conditions are problematic.
- Without a firm foundation on the true technical risks the security and business groups will be at odds with each other and with CMS and IRS in the future. Lack of foundational analysis will set the stage for a constant rehash of the issues.
- The State of Oregon was given an “Early Innovator Grant” with the understanding that new ground will be broken in many areas. The Federal government expects to be challenged and also to learn from the experiences of the innovator States. These experiences help to shape policy, best practices or federal guidance. The security issues above are very good examples of a new area that will benefit from thoughtful analysis that can be shared with the Federal government and other states going forward.

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Recommendations:

1. Request a formal report from the Federal entities on their risk analysis that supports any position they may currently have. Have this report reviewed by an outside security firm that is skilled in balancing security and usability for government and ecommerce systems.
2. Hire a national security firm to conduct research and a security risk analysis that is limited to the scope of the items identified in the findings above. This analysis can then be used to adjust the system security controls prior to, or after the launch if required.
3. Release the research and security risk analysis results to CMS and other states as a model of how to balance security and usability for Health Insurance Exchanges going forward.

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Att G (Updated July) Scope Management and Product delivery (Feb 2013 Original Finding)

Findings (Updated July):
Significant scope reduction has occurred by CO over the past couple of months. Additional, development and testing resources have been added to the project to help implement the remaining scope. Scope identified for the first release is still considered large for the amount of time left until launch. To further mitigate this issue CO is considering a controlled or "soft launch" to a limited audience.

Changes to requirements are under a change control process. Unauthorized changes are still making their way into the system however, they are greatly reduced.

Risks:

- If the Oct 1st release is still overscoped it may affect the ability of the organization to deliver the Dec 2013 release of the system.
- Scope deferment requires effort from BA's, SME's, development and test personnel. LoE and may not be accounted for in the deferment process.
- 20% slack is probably not sufficient, 30+ % was recommended by QA months ago and this proved to be optimistic.
- Testing schedule will continue to be compressed as additional issues arise and have to be mitigated for in the schedule.

Recommendations:

1. Closed.
2. Closed.
3. Closed.
4. Additional slack should be provided for in the schedule beyond the 20% currently estimated.
5. Continue to refine the Business Case process by challenging the SME's to detail and refine their facts and estimates used in their justifications.
6. CO should prepare for additional scope deferment or schedule slip to the Oct 1st date.
7. Scope and LoE for the Dec 2013 release should be reviewed. Again 30% slack should be incorporated in the release to allow for requirements adjustments, slippage from the Oct 1st release and rework.

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Oregon Health Insurance Exchange Corporation (ORHIX) / Cover Oregon (CO) Monthly Quality Status Report

August 2013

Deliverable #2.3

Draft

Dated: Sept 13, 2013

TABLE OF CONTENTS

SECTION 1: Introduction

Cover Oregon (CO) recognizes the value of an independent, third-party formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

1 **Initial Risk Assessment** - identification of initial risks facing CO
2 **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
3 **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of August, 2013. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.

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SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. In other words, progress in some areas since last month is offset by the fact that there is one less month until the federally mandated deadlines. Additionally, each rating category will carry a different relative weight when assessing the overall risk level of the effort. For example, while 10 out of 16 Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule", and "Inter-Org Coordination" remain high (red), which drives the overall high (red) risk assessment.

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally. For example, in order to meet the federal requirement that the Exchange be up and running by January 1, 2014, the system must be completed and ready to accept enrollments by October 2013. This is clearly a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is evolving rapidly and was dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of August, including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO continues to make positive and significant progress towards the launch of the Oregon Health Insurance Exchange. The organization has and continues to demonstrate flexibility and creativity in dealing with this complex system delivery.
- CO has signed up 1900 Agents to participate in the Exchange.
- CO has trained over 1600 of those Agents on the training system.
- CO is continually tightening the requirements change process to help stabilize the requirements for the first release.

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- CO added additional development staff in an effort to incorporate as much scope as possible for the Oct release.
- CO has developed contingency plans to help ensure that scope that is not completed can be worked around for launch.
- Significant progress continues to be made with the development and delivery of the Medicaid interfaces into MMIS.
- CO has developed a launch plan that identifies a strategy for a soft launch of the system to a targeted audience.
- CO has gotten approval for the paper applications from CMS.
- WAVE 4 and Regression testing with CMS were successful.
- CO has contracted for an Independent security review of their IRS Safeguard Procedure Report (SPR).
- CO has contracted for Independent Verification and Validation (IV&V) testing for both business applications and security components of the Exchange.

The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

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Quality Rating Category	QA Risk Level	Priority QA Finding and Recommendations	CO Risk Level	CO Response
OVERALL HEALTH	[redacted]	• See below for specific priority recommendations. • Continue to review, update, and track all outstanding quality risks and recommendations.	[redacted]	• Overall health remains High Risk as final build contains key functionality that remains to be put through testing rigor.
Business Mission and Goals	[redacted]	• CO continues to refine their System Launch plan. This effort is intended to synchronize the development, business operations and marketing efforts for the initial launch.	[redacted]	• Overall launch plan has good participation from all areas of the business. Contingencies are in place for areas of the system that are not expected to be ready day 1 and in the event that any key areas don't function as planned.
Roadmap	**Med**	• The roadmap for the first release will be in flux until final development sizing for the remaining iterations are completed. This work is expected to continue through mid-September. • There will be subsequent releases of the system throughout the fall of 2013.	**Med**	• Confirmed releases at this time on the roadmap are the 10/1 launch to CPA with full launch in October. There are additional releases planned for enrollment and to support financial management in November and December. • In 2014 there are some preliminary releases planned but the specific scope and timing for each release is yet to be determined.
Scope	[redacted]	• The current CO release strategy is to launch all three lines of business (Individual, Medicaid and SHOP), Oct 1st 2013. This release is targeted to only Agents, Community Partners and Tribal. • CO has deferred the Medicaid interfaces to OHA MMIS (eligibility and enrollment) system until a later release. • See attachment G (updated) for detailed findings and recommendations.	[redacted]	• Initial launch is planned to include full functionality across Individual and SHOP. Decisions on what to take live will be made as testing progresses across September. • The Release plan for the Fall is intended to support Go Live triage defects and any incremental features that are not released day 1 based on testing results.
Schedule	[redacted]	• Continue to identify project dependencies and critical paths. • It is likely that contingency plans for some system components will have to be implemented at go-live based on schedule slippage. Trigger points for these at risk features needs to be identified.	[redacted]	• The schedule for the 10/1 release is being closed out with a new schedule being stood up with key deliverables for Q4 of 2013. The new schedule includes the final delivery of all CO environments, plan for getting to Production Readiness within OMCS guidelines and the delivery of the December 1.1

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Table 2: QA Risk Level Tracking

Quality Rating Category	*Nov '12*	*Dec '12*	*Jan '13*	*Feb '13*	*Mar '13*	*Apr '13*	*May '13*	*June '13*	*July '13*	*Aug '13*
OVERALL HEALTH										
Business Mission and Goals	*M*	*M*	*M*	*M*	*M*					
Roadmap	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*
Scope										
Schedule										
Budget	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*
Funding	*M*	*M*								
Board Governance										
Inter-Org Coordination										
Organizational Management										
Human Resources	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*
Stakeholder Management										
Communication						*M*	*M*	*M*	*M*	*M*
Project Management	*M*	*M*	*M*	*M*	*M*					
Contract Management	*M*	*M*	*M*	*M*	*M*					
Product Content										
Testing	*M*	*M*	*M*							

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SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of August, 2013.

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Section 4: Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. At the client's request, unique numbering has been introduced for both risks and recommendations, to assist in tracking. For example, risks in the Business Mission and Goals section of the report can be identified as Risk-BMG-1, Risk-BMG-2, etc. Recommendations can be similarly, uniquely identified. The integrity of the numbering will be preserved during future reports.

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Table 3: Detailed Quality Standards Scorecard

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Quality Rating Category	May2013	June 2013	Risk Assessment Finding, Risks, and Recommendations
Business Mission and Goals (BMG)	[redacted]		
			Findings During Period: • CO continues to refine their System Launch Plan. This document details the various exchange functions and plans for the first release of the exchange. The current plan is to launch to only Agents, Community Partners and Tribal. It is intended that the system will be accessed by these groups for a limited amount of hours per day and the system will be unavailable in the evening for maintenance if required. • Contingency plans that involve OHA/DHS should be triggered with sufficient time for these agencys to adjust if necessary. ***Risks:*** 1. Closed 2. Without clear understanding, communication and alignment of the deadlines and contingency plans for the Oct 2013 release between the business units (CO, OHA) procedures for application processing may be incomplete or out of synch. 3. Without a detailed system launch plan, coordination of IT, OPS and Marketing may not be in full alignment for the launch window. ***Recommendations:*** 1. Closed. 2. Closed. 3. Closed. 4. The detailed system launch plan is intended to be an extension of the business plan for the Exchange. This document should detail all relevant assumptions, risks, constraints and contingency plans for the final launch of the system. 5. Continue to refine the feature roadmap and ensure that it is connected with the business strategy, marketing and communications as well as OHA/DHS. 6. Closed. 7. Closed. 8. Closed 9. Closed 10. Finalize the draft IGA's with OHA concerning Medicaid operations.
Roadmap (RM)	**Med**	**Med**	
			Findings During Period: • A roadmap business case process has been instituted. The first business cases are rudimentary and it is expected as the process matures that more sophisticated analysis will be provided with the business case. • The roadmap for the first release will be in flux until all dependencies and development efforts are fully identified and properly estimated. Additional scope may need to be deferred as a more detailed level of effort is provided. See Att G detailed findings and recommendations. • Minor releases of the system will be implemented throughout the fall of 2013. • A second major release of the system is expected to take place Dec of 2013. This release will have

SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	Cover Oregon agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue.
Business Mission and Goals	The Go-Live Launch plan is developed and continues to evolve. The utilization of CPs and Agents to exchange on day 1 is in alignment with the business goals as agents are expected to drive a large percentage of business in both the individual and small group markets. A secondary website is being built to provide general consumers with the opportunity to browse plans and find assistance.
Roadmap	The current road map outlines the products, services and functionality that will be delivered in Version 1.0 of the exchange. Additional releases are planned across the Fall. The Roadmap for releases into 2014 will need to be balanced against stabilizing the Core Build and meeting primary business objectives for the 2014 and 2015 fiscal years.
Scope	The Scope defined for initial launch remains stable, with some small adjustments being introduced via change management and as a result of Development discovery. Scope to be released on day 1 will be determined based on testing results of the final build.
Schedule	Cover Oregon is wrapping up the 10/1 schedule and is managing final tasks via the "Go Live" checklist. The schedule for Q4 is being stood up to include environments delivery, production readiness and the 1.1 release in December.
Budget	Cover Oregon agrees that increasing Oracle development and testing staff to complete the first release has had an overall impact to the budget.
Funding	In February 2013, Cover Oregon received Federal approval of its $226 million Level 2 funding request. Approximately $90 Million is for IT.
Board Governance	MAXIMUS correctly notes that the Executive Director and staff routinely meet with the Board and its finance committee, providing members with a variety of informational documents.
Inter-Org Coordination	Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon is vital to Medicaid processing, operations and technical solutioning & delivery.
Organizational Management	Cover Oregon agrees that the organization is growing at a very quick pace. The organization and its staff are adapting and managing to change.
Human Resources	The scope of the staffing strategy takes into account staffing across all areas of the organization. Potential staffing/resource needs will continue to be addressed as the

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	organization evolves.
Stakeholder Management	Cover Oregon continues its proactive outreach and stakeholder communication efforts.
Communication's	The marketing and communications teams are preparing for any changes in initial launch so that expectations can be set with stakeholders and consumers, and marketing materials are appropriate to the situation.
Project Management	Cover Oregon agrees that scope and schedule must be managed very closely through final development.
Contract Management	Cover Oregon utilizes a Work Breakdown Structure (WBS) to identify activities to be completed on the way to Day 1 of open enrollment. Tasks that are assigned to contractors have been identified and are being tracked, as are other resources.
Product Content	Product content refinement continues as development teams deliver the final build and Cover Oregon resources are brought up to speed on the state of the various functional areas in the build.
Testing	Testing efforts have expanded as there are currently 8 testing workstreams in progress across the project. Overall management of testing will require focused attention to determine appropriate go live features and functionality, and to enable additional functionality to be released after adequate testing has been achieved.

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SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

	Probable/eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
	Possible/unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT		
	Low	Med	High
High	MED		
Med		MED	
Low			MED

Att A: (Closed) Detailed Security Concerns

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Att B: (Closed) Detailed Tracking and Reporting

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Att C: (Closed) Contingency Planning

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Att D: (Updated August) "No WrongDoor" Cooperation

Findings:

OHA/DHS and CO have a general agreement to create a "no wrong door" approach for eligibility and enrollment for state-sponsored medical programs and commercial insurance. OHA will process the paper applications and CO will process the APTC and the Medicaid electronic applications. An IGA has been drafted, but not finalized.

This overall business transformation/integration between OHA and CO is not being tracked like a formal project. Typically a project of this size would have specific governance reporting, charter, scope, tasks, milestones, deliverables, and deadlines for the interagency work that is to be accomplished both operationally and technically.

Risk:

- Without a defined process, project, and governance transparency, QA, development, operations, and executive management in the stakeholder agencies will not be able to monitor the progress of the effort to ensure that it is implemented in a timeframe and manner that fits the vision outlined by the Directors of OHA and DHS, the Executive Director of CO for the State of Oregon.

Recommendations:

1. All deliverables for the manual process, including guide books, should be implemented with sufficient time for both organizations to train their staff appropriately.
2. Executive managers of both organizations should, at a minimum, review the manual application process in detail prior to the launch on Oct 1st. In addition, if there are contingencies that are expected to be retired as new features to be rolled out over the fall Executive management from both organizations should be clear as to the process prior to implementation.

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Att E: (Closed) Architecture Simplification

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Att F: (Closed) Risk Analysis for Security Implementation

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Att G (Updated August) Scope Management and Product delivery

Findings:
Significant scope reduction has occurred by CO over the past couple of months. Additional, development and testing resources have been added to the project to help implement the remaining scope. Scope identified for the first release is still considered large for the amount of time left until launch, issues being identified in test and the maturity of the development organization. To further mitigate this issue CO is considering a controlled or "soft launch" to a limited audience.

Changes to requirements are under a change control process. Unauthorized changes are still making their way into the system however, they are greatly reduced.

CO is also launching a marketing website that will be used to allow individuals to browse plans and estimate their tax credits.

Risks:

- If the Oct 1st release is still over scoped it may effect the ability of the organization to deliver subsequent releases of the system.
- Scope deferment requires effort from BA's, SME's, development and test personnel. LoE and may not be accounted for in the deferment process.
- 20% slack is probably not sufficient, 30+ % was recommended by QA months ago and this proved to be optimistic.
- Testing schedule will continue to be compressed as additional issues arise and have to be mitigated for in the schedule.

Recommendations:

1. Closed.

2. Closed.

3. Closed.

4. Additional slack should be provided for in the schedule beyond the 20% currently estimated.

5. Continue to refine the Business Case process by challenging the SME's to detail and refine their facts and estimates used in their justifications.

6. CO should prepare for additional scope deferment or schedule slip to the Oct 1st date.

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7. Scope and LoE for the Dec 2013 release should be reviewed. Again 30% slack should be incorporated in the release to allow for requirements adjustments, slippage from the Oct 1st release and rework.

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MAXIMUS®
HELPING GOVERNMENT SERVE THE PEOPLE®

Oregon Health Insurance Exchange Corporation (ORHIX) / Cover Oregon (CO) Monthly Quality Status Report

September 2013

Deliverable #2.1.I

FINAL

Dated: Oct 28, 2013

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SECTION 1: Introduction

Cover Oregon (CO) recognizes the value of an independent, third-party formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

1. **Initial Risk Assessment** - identification of initial risks facing CO
2. **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
3. **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of September, 2013. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.

SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. In other words, progress in some areas since last month is offset by the fact that there is one less month until the federally mandated deadlines. Additionally, each rating category will carry a different relative weight when assessing the overall risk level of the effort. For example, while 10 out of 16 Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule", and "Inter-Org Coordination" remain high (red), which drives the overall high (red) risk assessment.

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally. For example, in order to meet the federal requirement that the Exchange be up and running by January 1, 2014, the organization must be completed and ready to accept enrollments by October 2013. This is clearly a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is evolving rapidly and was dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of August, including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO continues to make positive and significant progress towards the launch of the Oregon Health Insurance Exchange. The organization has and continues to demonstrate flexibility and creativity in dealing with this complex system delivery.
- CO has commissioned Deloitte to create an anonymous browse and plan selection site as back up for the Oracle system. This system is to be housed on Amazon on-demand services.
- In the early part of the month CO reduced scope for 10/1/13. CO will be doing a soft launch of the system targeting the Community Partners and Agents.

- CO has executed a number of contingency plans in preparation for system components known to be at risk for launch.
- At the end of the month CO reviewed final Oracle functionality to be released on 10/1/13. It was deemed that the Oracle system would be launched with CPA login and ID checking only.
- CO also decided to launch the Deloitte system for anonymous browse and insurance plan selection. This site will also provide pricing and subsidy information for users.
- CO has requested that MAXIMUS review the launch status and provide a high-level assessment of the launch readiness for the overall business. This assessment is detailed in Attachment A of this document.

The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

Table 1: Summary Quality Standards Scorecard

Quality Rating Category	*QA Risk Level*	*Priority QA Finding and Recommendations*	*CO Risk Level*	*CO Response*
OVERALL HEALTH		• See below for specific priority recommendations. • Continue to review, update, and track all outstanding quality risks and recommendations.		• Overall health remains High Risk as final build contains key functionality that remains to be put through testing rigor.
Business Mission and Goals	***Med***	• CO continues to refine their System Launch plan. This effort is intended to synchronize the development, business operations and marketing efforts for the initial launch. • The Deloitte public facing system will be launched Oct 1st. • The Oracle system will be released to Community Partners and Agents with limited functionality on Oct 1st. • Paper applications have been delivered and available on the website for download. This will be the primary method for applicants to enroll on Oct 1st.		• The points raised are not relevant to Cover Oregon's Mission and Goals, which have been clearly articulated for over a year. Cover Oregon does not disagree with the findings but does not agree that these are Mission or Goal issues. • Overall launch plan has good participation from all areas of the business. • A dedicated team is coordinating development of operational contingencies for areas of the system that are not expected to be ready day 1 and in the event that key areas do not function as planned.
Roadmap	***Med***	• CO has identified the features for initial release and has a roadmap for the fall releases. • MAXIMUS expects that the	***Med***	• Confirmed releases on the roadmap are the 10/1 launch to CPA with full launch later in October.

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		roadmap to change as issues arise with the Oracle system and Oracle's ability to deliver against the current set of requirements.		There are additional releases planned for enrollment and to support financial management in November and December. • In 2014 there are some preliminary releases planned but the specific scope and timing for each release is yet to be determined.
Scope		• CO has decided to do a soft launch that has greatly reduced scope for Oct 1st. • CO has deferred the Medicaid interfaces to OHA MMIS (eligibility and enrollment) system until a later release. • It is likely that scope will continue to be trimmed if issues arise with the current plan or if development (Oracle) continues to under deliver.		• While initial launch was planned to include full functionality across Individual and SHOP, by mid-September Cover Oregon decided to allow account creation but not application on day 1. • The Release plan for the Fall is intended to support Go Live triage defects and any incremental features that are not released day 1 based on testing results.
Schedule		• Continue to identify project dependencies and critical paths. • Oracle's ability to release system environments is problematic. The UAT environment is to be repurposed by CO on Oct 1st as an alternate development environment. • Oracle's ability to properly estimate the work for any release is significantly lacking.		• As additional information from Oracle became available, Cover Oregon has established a revised schedule with key deliverables for Q4 2013. The new schedule includes the final delivery of all CO environments, a plan for getting to Production Readiness within OMCS guidelines and the delivery of interim and December 1.1 Releases.
Budget	***Med***	• The amount of Oracle development resources being added to the project to meet the Oct 1st go live date will most likely have a negative budget impact on the project.	***Med***	• Cover Oregon is monitoring expenditure vs available funds. Additional funding needs are being assessed. Some adjustments and transitions across the fall will be required to sustain through 2014.
Funding		• CO has secured $226 million in Level 2 funding for the Exchange.		• Cover Oregon concurs with this statement.
Board		• The CO Board meets on a regular basis and receives		• The Board governance process remains stable and

Governance	[redacted]	updates from Executive Director and his staff on salient business, IT and stakeholder topics. • CO Director accurately conveys the challenges of the IT system launch to the board during the board meetings.	[redacted]	the relationship and communication to the Board remains consistent.
Inter-Org Coordination	***Med***	• Cover Oregon dependence on OHA/DHS system and staff readiness is problematic. OHA/DHS are older institutions and may not be as flexible as CO to change. • OHA/DHS does not have workstations that allow them to login to the CO Siebel system. It is anticipated that these will be in place at\or soon after launch. • CO has finalized the Inter-governmental agreement with OHA. • MAXIMUS has verified the paper application process. This included the acceptance and scanning of the application at the OHA 5503 facility.	***Med***	• Cover Oregon has implemented a contingency process through which OHA will process Medicaid enrollments. If needed this process can be done manually. As manual enrollment is current OHA practice, doing this for new enrollments would be consistent with the process for which relevant OHA staff is already trained and capable of doing. • Planning is underway to get OHA staff Siebel access, contingent on OHA readiness (staff are moving locations, need phone upgrade, etc)
Org Management	[redacted]	• The organization is growing at a very quick pace. CO seems to be adapting and managing the growth well.	[redacted]	• Primary staffing is complete, with some additional hiring occurring in Q4 to fill a few more positions and respond to identified needs. The organization is managing the growth and onboarding smoothly.
Human Resources	***Med***	• Some contingency plans require additional staff to be available by outside staffing agencies. To implement these plans in the manner CO intends, may require contracts and possibly retainers to be put in place. • The organization, its processes and people will be under tremendous stress as the launch date nears. Extra care should be taken by executive management to monitor for signs of stress and intervene to ensure personnel health and organizational morale during this period.	***Med***	• Cover Oregon has contracts in place to respond should additional resources be needed. • Staff and the Executive team are invested in keeping morale up across the organization, planning is underway to provide relief to key staffers as needed. Additionally. Staff across the organization is actively supporting one another in both formal and informal ways.

Stakeholder Management	***Med***	• Continue proactive outreach and stakeholder communication is key as final launch features are identified for the soft launch. • Releasing a system that is unreliable/not stable will frustrate users and may negatively affect the CO brand.	***Med***	• The launch plan includes communication plans with Community Partners, Agents and Carriers as key stakeholders as we approach go live. • Regular daily and weekly calls are planned with agents/community partners engaged in supporting Cover Oregon's initial launch. • Cover Oregon has been messaging its launch plan in light of its desire to get it "right" rather than just putting out a potentially flawed system to meet the October 1 launch date. This message has been delivered to the Board, Legislature, state Administration and news media.
Communications	***Med***	• MAXIMUS expects that additional changes/fixes may occur as the system is launched. CO needs to ensure that procedures are in place to retrain CP/A's, CSR's and OHA personnel prior to the release of incremental features.	***Med***	• The communications team is prepared to manage messaging to key stakeholders and media related to go live updates and ongoing releases.
Project Management	[redacted]	• Iteration 17c feature set was not fully completed. Development and release of i17c items will continue through October. • It is recommended that CO formalize their release management plans and communicate expectations of how fixes and releases will be moved into production. This formalization warrants a thorough review of Oracle's software development, build and release process. CO has commissioned MAXIMUS to review these Oracle processes. MAXIMUS has requested to review the processes	[redacted]	• The final build was incomplete and is defect heavy. The initial 10/1 release will be a minimal set of functionality focused on stage gates of delivery until defects can be resolved across various components. • Release plans for October and November have been established to bring incremental functionality online to Community Partners and Agents for Full Launch. These plans may be revisited as additional testing gives more visibility to the state of the system. • Production release planning is in place for the October and November planned releases. The releases may

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		with Oracle. Oracle has not responded to the requests satisfactorily to date. • CO PM needs to develop their production release plans, given that release into a production environment is dramatically different then into test. These plans should include how contingency plans are retired as new features are placed into production. • Oracle's in ability to deliver environments in a timely manner is an issue.		need to be adjusted based on test results. • Cover Oregon would like to have in place Pre-prod and Performance test environments to support Production moves and to support load testing in preparation for Full Launch. To date we have not received a clear or adequate plan from Oracle for how to achieve these important milestones.
Contract Management	***Med***	• Oracle continues to under-perform. It is recommended that CO withhold payment of any invoices until a thorough review the contract is conducted by DOJ for lack of performance. • Oracle continues to post dates for specific deliveries and consistently miss delivery targets, a clear example is that of environment delivery. Oracle was to delivery 7 environments by 9/26/13 and to date they have only delivered 5. Given this pattern CO should consider the use of "cure" letters to, at a minimum, formally document the pattern by the Vendor.	***Med***	• Since Cover Oregon took over the Oracle contract for exchange work in May, it has become progressively better able to identify and directly address contractor issues. Cover Oregon is working with Oracle to assess and rectify system issues and improve our ability to identify when functionality will be available.
Product Content		• The final release of features is still in flux to some degree. There are a number of Change Requests that need definition that are intended for the Oct 1st release. These items should be moved to manual contingency plans or slotted into later releases of the system.		• The Change Request process has been put on hold, with some limited changes that have been accepted for 10/1 or shortly thereafter. • In September, Cover Oregon took the significant step to limit system access to agents and community partners only, and to allow only account creation, but not application, plan

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	[redacted]		[redacted]	selection and enrollment.
Testing	[redacted]	• Software releases into test from development are being implemented daily/weekly. The releases are not stable and fixes and features are appearing randomly in the releases. In addition, more items are breaking then are being repaired. This is indicative if too much concurrent Oracle development in an uncontrolled development environment. • Performance testing by Oracle is dependent on a stable release of the system. In addition, sufficient features need to be developed and released for performance testing to be meaningful.	[redacted]	• To improve the stability of the environment, daily releases into FTS are not occurring. A release plan has been put in place that limits full migrations (those that require a Siebel deployment) to twice per week. Partial releases, which have a lower impact on the system, are occurring as needed. Process improvements are being developed around code change management to ensure full and accurate release documentation, and to allow impact assessment of each deployment. • The Performance environment that delivered in late August has been re-purposed as the Production Environment. A performance test environment will not be in place in advance of go live. It is currently scheduled for early October with Performance testing planned across the month of October.

Table 2: QA Risk Level Tracking

Quality Rating Category	Dec '12	Jan '13	Feb '13	Mar '13	Apr '13	May '13	June '13	July '13	Aug '13	Sept '13
OVERALL HEALTH										
Business Mission and Goals	M	M	M	M						M
Roadmap	M	M	M	M	M	M	M	M	M	M
Scope										
Schedule										
Budget	M	M	M	M	M	M	M	M	M	M
Funding	M									
Board Governance										
Inter-Org Coordination										M
Organizational Management										
Human Resources	M	M	M	M	M	M	M	M	M	M
Stakeholder Management										M
Communication					M	M	M	M	M	M
Project Management	M	M	M	M						
Contract Management	M	M	M	M						M
Product Content										
Testing	M	M								

SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of September, 2013.

Section 4: Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. At the client's request, unique numbering has been introduced for both risks and recommendations, to assist in tracking. For example, risks in the Business Mission and Goals section of the report can be identified as Risk-BMG-1, Risk-BMG-2, etc. Recommendations can be similarly, uniquely identified. The integrity of the numbering will be preserved during future reports.

Table 3: Detailed Quality Standards Scorecard

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Quality Rating Category	*Aug2013*	*Sept 2013*	*Risk Assessment Finding, Risks, and Recommendations*
Business Mission and Goals (BMG)		***Med***	
			Findings During Period: • CO has finalized their launch plans. The current approach is to launch to only Agents and Community Partners using a combination of the Deloitte built website and the Oracle system. The Deloitte website is housed using Amazon's cloud service. This site will enable public users, Agents and Community Partners to enter in their information to determine tax credits, browse plans and review plan information and costs. This information can be utilized to fill out paper applications via a PDF form. • The Oracle system will be released to only Agents and Community Partners and will be limited to login and ID proof only. Additional functionality is intended to be released in subsequent days and weeks. The Oracle system will be released with known defects and manual workarounds. • It is intended that the system will be accessed by these groups for a limited amount of hours per day and the system will be unavailable in the evening for maintenance if required. • A number of contingency plans have been triggered for the limited launch. ***Risks:*** **1.** Closed **2.** Without clear understanding, communication and alignment of the deadlines and contingency plans for the Oct 2013 release between the business units (CO, OHA) procedures for application processing may be incomplete or out of synch. **3.** Without a detailed system launch plan, coordination of IT, OPS and Marketing may not be in full alignment for the launch window. **4.** Launching the Oracle system with known defects may result in a bad user experience which could affect the CO brand long term. ***Recommendations*:** **1.** Closed. **2.** Closed. **3.** Closed. **4.** Closed.

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			5. Continue to refine the feature roadmap and ensure that it is connected with the business strategy, marketing and communications as well as OHA/DHS. **6.** Closed. **7.** Closed. **8.** Closed **9.** Closed **10.** Closed
Roadmap (RM)	***Med***	***Med***	
			Findings During Period: • Based on the soft launch strategy the roadmap for the next few releases are proposed based on essential business features for the next couple of months. • Additional scope may need to be deferred as a more detailed level of effort is provided and Oracle's ability to deliver. • Releases of the system will be implemented throughout the fall of 2013. ***Risks:*** **1.** Without a clear, comprehensive, and authoritative description of the Exchange roadmap, the project will likely continue to have incomplete data for future budgeting and unclear project priorities. **2.** Closed. **3.** Closed. **4.** Closed. **5.** Without a roadmap projection beyond 2013 will be difficult to do development budget projections for future grants and operations and development. **6.** Without a process for determining the roadmap priorities it will be difficult to determine what features will have the highest impact of CO target metrics. **7.** The inability of Oracle to deliver previous roadmaps makes it difficult to expect them to deliver against the new fall roadmap. ***Recommendations:*** **1.** Closed. **2.** Closed. **3.** Closed.

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			4. Create integrated prioritized roadmap to communicate with the CO staff, CO Board of Directors, and other stakeholders how the CO metrics will be achieved. **5.** Closed. **6.** The process for developing the roadmap(s) should be documented so that it can be evaluated by stakeholders prior to getting deep into the process. Also, all underlying assumptions should be articulated in the process so they can be agreed upon by executive management. **7.** Finalize the near term functional roadmap, including a high-level schedule of required functionality, and prioritized features. **8.** Closed.
Scope (SCP)	[redacted]	[redacted]	
			Findings During Period: **1.** Scope reduction and scope sizing continues. **2.** CO has deferred a piece of the Medicaid interface into the OHA MMIS system until post Oct 1. **3.** Currently, a cross functional view of the Product Development Lifecycle (PDLC) does not exist and clear connections between development, operations, marketing and communications are lacking. **4.** The Oracle development group did not deliver all the iteration 17c features as scheduled. This will most likely push features in subsequent iterations further out in time and/or result in significant scope reduction in the near future. ***Risks:*** **1.** Closed. **2.** Closed. **3.** Closed. **4.** Closed. **5.** Closed **6.** Closed **7.** Closed **8.** Lack of discipline and control of the change management process will result in incomplete build documentation, testing errors and schedule slips. **9.** Without a tight linkage between development, business, marketing, and communications the current launch strategy with the current scope will be difficult to manage after launch.

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			10. The inability of Oracle to deliver previous roadmaps makes it difficult to expect them to deliver against the new fall roadmap. **11.** The inability of Oracle to deliver previous roadmaps makes it difficult to expect them to deliver against the reduced scope. ***Recommendations*:** **1.** Closed. **2.** Closed. **3.** Closed. **4.** Define and implement clear project management processes and controls for maintaining the CO WBS, including "rolling wave" elaboration of near-term work. **5.** Closed. **6.** Closed **7.** Closed. **8.** Closed. **9.** Closed. **10.** Closed. **11.** Closed. **12.** Continue to integrate the use of the Schedule (and underlying WBS) into the day-to-day management and planning of the project especially for future product releases. This will ensure that these documents are useful and accurate. **13.** Closed. **14.** Develop clear milestones, tasks and checkpoints for the Scope lockdown and sizing for the final iterations for the fall releases. Communicate these items to all appropriate stakeholders. **15.** Closed **16.** Closed **17.** Closed **18.** CO should ensure that the manual paper application process is leveraged heavily during the soft launch process.
Schedule (SCH)	[redacted]		

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			Findings During Period: • The CO team reviews and updates the schedule weekly with ORACLE and other development, integration and test groups. The schedule is less predictive at this point in the project. It is primarily used to track status to launch. • The CO schedules lack baselines for variance measurements. This information will be important for future roadmap and feature release estimates. • The lack of reliable estimating by the Oracle teams, undiscovered development issues and incomplete requirements by CO will result in continued surprises to CO throughout the initial launch and subsequent releases in the fall. ***Risks:*** **1.** Without a clear understanding of the HIX-IT project schedule, including the activities and tasks specifically assigned to CO, there is a risk that the project will not be completed on schedule. **2.** Closed. **3.** Closed. **4.** Closed. **5.** Closed **6.** Closed. **7.** Without clearly linked schedules between CO, foundational services and ORACLE On Demand services, the project will suffer from confusion and misaligned expectations and deadlines. **8.** Without a clear understanding of the Foundational Services level of effort (LoE) and the integration of OIS foundational services with the CO project, CO may not meet their business objectives. ***Recommendations:*** **1.** Develop a single, comprehensive, authoritative and baselined schedule for all non-HIX-IT CO work, using the WBS described in Scope Section of this report. **2.** Closed. **3.** Closed. **4.** Define and implement common project management processes and controls for maintaining the schedule across OHA and CO, including "rolling wave" elaboration of near-term activities, baselining, variance tracking, resource loading and common reporting of project progress and status. **5.** Closed.

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			6. Closed **7.** Given the difficulty in estimating the development work across the foundational services and other projects within OHA, CO should embed sufficient slack in its schedule (on the order of 50+ percent). CO should continue to monitor the IT delivery deviations including the completion of use cases, testing platforms, standing up of environments, on boarding staff, and product delivery. These deviations should be reported to CO Executive staff in the weekly or monthly reports by CO CIO. **8.** Closed **9.** Closed. **10.** Baseline pieces of the schedule and track for variance, this information can be utilized to better predict and track the next release **11.** Closed **12.** Closed. **13.** Closed.
Budget (BGT)	***Med***	***Med***	
			Findings During Period: • Significantly increasing ORACLE development and testing staff to complete the first release will have an overall impact on the budget. • A quarterly budget to actuals will be available from CO for the next monthly assessment. ***Risks:*** **1.** Closed. **2.** Closed. **3.** The lack of fully elaborated, integrated and baselined WBS and schedule raises the risk that the project scope, schedule, and therefore costs are not clearly understood. As a result, the budget is most likely inaccurate. **4.** Changes in architecture approach and SIT testing will affect the budget of the organizations. **5.** The addition of unplanned development resources to achieve the outstanding scope will increase costs in the budget in the short term. **6.** Closed **7.** The addition of the Deloitte public website to compensate for the lack of delivery by Oracle will increase project IT costs.

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			Recommendations: **1.** Document and implement a budgeting process for CO. This process should include the tracking of assumptions and dependencies. This budget should have significant reserve for unbudgeted items given the organization and the system is new. **2.** Update the budget projections for CO. Ensure the Budget projections are aligned with the roadmap items that will be established. **3.** CO should work with OHA to jointly review cost allocation methods, estimates of future expenditures, and associated financial controls. **4.** Closed. **5.** Closed **6.** Closed. **7.** Closed **8.** With the addition of ORACLE resources to complete the development and testing of the Exchange a budget reevaluation should be conducted to determine the budget impact of this decision.
Funding (FND)	[redacted]		
			Findings During Period: • CO has received $226 million in Level 2 funding. Approximately $90 million is for IT. • CO expects that additional funding opportunities will be available in 2014 by CMS. ***Risks:*** **1.** Closed. **2.** Closed. **3.** Closed. **4.** Closed. **5.** Closed. **6.** Closed. ***Recommendations***: **1.** Closed. **2.** Closed. **3.** Closed.

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			4. Closed. **5.** Closed. **6.** Closed. **7.** Closed.
Board Governance (BG)	[redacted]		
			Findings During Period: • The CO Board meets on a regular basis and receives updates from Executive Director and his staff on the salient business, IT and stakeholder of topics. • The CO Executive Director continues to convey the challenges of the IT system launch to the board members at the monthly board meetings. ***Risks:*** **1.** Closed. **2.** Closed. **3.** Closed. ***Recommendations***: **1.** Closed **2.** Closed. **3.** Closed
Inter-Org Coordination (IOC)	[redacted]	***Med***	
			Findings During Period: • CO and OHA 5503 have worked well in creating a manual paper application and processing. This includes scanning and logging of the paper applications in the system. • CCO and OHA have finalized an Inter-Governmental Agreement (IGA) ***Risks:*** **1.** Closed. **2.** Closed **3.** Closed **4.** Closed

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			5. Closed **6.** Without proper coordination among OHA/DHS and CO policy and business operations it will put CO in a difficult position with respect to planning the completion the MMIS and CO interfaces for automated Medicaid Eligibility and Enrollment. ***Recommendations***: **1.** Closed **2.** Closed **3.** Closed **4.** Closed. **5.** Closed. **6.** Closed **7.** Closed **8.** Closed. **9.** Closed **10.** Closed **11.** Closed. **12.** The work with OHA Business and technology will need to mature and will probably span over multiple system releases. With this understanding CO should consider crafting a long-term strategy i.e., roadmap that demonstrates short term as well as long term goals and objectives with respect to the interfaces into MMIS. **13.** Closed **14.** Closed.
Organizational Management (OM)	[redacted]		
			Findings During Period: • The Organization is growing at a rapid pace and seems to be adapting and managing the growth well. • Oracle has not delivered to plan for the previous iterations. Typically, in an iterative environment, the delivery variance is reduced over time (a number of iterations) and quality improves as the organization matures. This is most likely an indication of lack of formal, industry standard development processes within the Oracle organization.

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			Risks: **1.** Closed. **2.** Closed. **3.** Closed. **4.** Closed. **5.** Closed **6.** Lack of code and performance reliability with developer (Oracle) will result in continued missed dates for future deliveries. ***Recommendations:*** **1.** As the CO Roadmap, WBS and Schedule are updated, Executive Management should clearly get formal assertion from Oracle in the form of a contract amendment for specific releases and functionality and quality moving forward. **2.** Continue to identify key internal operational processes and assign these processes to the specific executive management for development. **3.** Continue to refine and update the CO organizational chart, including detailed roles, responsibilities, expectations, and authorities. **4.** Closed. **5.** Closed. **6.** Closed. **7.** CO should re-evaluate the organizational needs of the IT department with the advent of the new architecture and responsibilities CO has incurred. **8.** Closed **9.** CO should consider hiring independent Oracle consultants that can monitor the work of Oracle at a deeper level. These consultants should review the development processes and monitor their adherence to ensure reliability and quality going forward.
Human Resources (HR)	***Med***	***Med***	
			Findings During Period: • The organization, its processes and people will be under tremendous stress as the launch date nears. Extra care should be taken by executive management to monitor for signs of stress and intervene to ensure personnel health and organizational morale during this period.

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			• Releasing a system that has known defects will increase the load on the Customer Service Reps (CSRs). Management should specifically monitor these groups for signs of stress. • Contractors and other consultants will also be under tremendous stress, some working 16 hour days for weeks on end. Again, care should be taken to monitor personnel for stress and health concerns. ***Risks:*** **1.** The dynamic nature and fast organizational growth of CO may create significant staff stress and frustration. Communication and HR support systems will be taxed. **2.** Staff with gaps in their skill sets can create schedule delays, rework and/or incorrect planning and execution for the organization. **3.** Closed. **4.** Closed. **5.** Closed. **6.** Closed **7.** Closed. **8.** Over worked/stressed employees or contractors will tend to make simple mistakes which can result in rework or issues with clients. **9.** Health of stressed or overworked individuals can result in loss of key individuals on the project. ***Recommendations:*** **1.** Continue to focus on defining and implementing the required HR support processes. Complete job descriptions for all filled and anticipated staff positions. **2.** Closed. **3.** Continue to support team building and informal support structures for staff. **4.** Closed **5.** Continue to inventory the skills of the existing staff and perform a gap analysis to the required skills of the organization. The gaps should then be prioritized and either staff should be augmented with consultants, trained or new employees should be sought out with the proper skill sets. **6.** Closed **7.** Closed. **8.** Re-evaluate the needs of the IT organization to determine if new roles and personnel are needed based on the change in architecture and delivery model. **9.** Closed

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			10. Closed **11.** HR should conduct spot reviews/interviews with personnel to monitor morale and health issues with personnel including contractors.
Stakeholder Management (SM)	[redacted]	***Med***	
			Findings During Period: • CO has engaged in multiple stakeholder outreach and communication efforts throughout the months. • Reduced scope and the soft launch strategy will require CO to communicate new expectations to stakeholders. ***Risks:*** **1.** Lack of proactive communication with Exchange stakeholders may limit early participation and/or public confidence. ***Recommendations***: **1.** Complete, publish, gain approval of, and implement a comprehensive CO Stakeholder Engagement Plan. **2.** Develop scenarios to clearly communicate the benefits of participating in the Exchange. **3.** Continue proactive outreach and stakeholder communication efforts. **4.** Ensure that expectations are set appropriately with the stakeholders for each of the fall releases.
Communications (COMM)	***Med***	***Med***	
			Findings During Period: • MAXIMUS expects that additional changes may occur as development estimations and testing is accomplished. The communication of these changes will need to be managed with the internal staff, stakeholders and public. ***Risks:*** **1.** If the Exchange does not communicate its functions in a consistent manner then confusion and frustration may result for entities that need to oversee, interface with, purchase or supply services to the Exchange.

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			2. If the Exchange does not communicate its functions in a consistent manner then CO's management credibility may suffer. ***Recommendations*:** **1.** Closed. **2.** The internal marketing function of CO is working with the IT, SME's and executive management to identify areas where specialized high level communications need to take place. The Marketing organization can and should utilize the information that should have been produced from the work identified in the Roadmap section of this report to begin to articulate the functionality of the Exchange. **3.** Closed. **4.** The Marketing organization should establish consistent messaging for the organization that reflects the roadmap of the Exchange. **5.** Design and implement a specific external marketing / education program, including the clear purpose and benefits of participation in the Exchange. **6.** Closed.
Project Management (PM)	[redacted]	[redacted]	
			Findings During Period: • Iteration 17c feature set was not fully completed. Development of the incomplete features will continue through Oct. • Lack of scope deferment and requirements finalization has pushed development and testing on top of each other. This will greatly increase the coordination complexity of the final delivery. • The project is transitioning from development and test only to production in the month of Sept. for the Oct 1st delivery. This transition will be difficult given an operation environment is significantly different then a development only environment. • Without sufficient slack in the schedule (based on past variance) the plan for the future features is optimistic. • Change management process needs to be further tightened down by the PM. • Release management needs to be developed and instituted by the PM. • MAXIMUS was commissioned to do a QC review of the Oracle development, build and release process. Oracle has not responded to the requests for the review.

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			Risks: **1.** Without a full set of "foundational" project processes and controls, the project will likely suffer from ad hoc and inconsistent execution of the project work. **2.** Closed. **3.** Without the foundational documents being completed, approved, and enforced by executive management they will not be institutionalized. **4.** Closed **5.** Without a clear set of metrics from which to track and report progress to the executive management of CO, the Board, and LFO, the project management will continue to react to requests for a variety of status information. **6.** Closed. **7.** Closed. **8.** Closed **9.** Languishing requirements (open CR's) will affect the development, testing and release schedule. **10.** "Stacking" or overlapping requirements elaboration, development, testing as well as, compression of the testing schedule is an issue. **11.** Scope reduction late in the development can cause rework and potentially add time to the overall process. **12.** A change management process that is not effective will result in schedule slips, testing errors, etc. **13.** A production release management process that is incomplete or not well planned can cause credibility issues with the public if features or fixes appear without proper communication. ***Recommendations:*** **1.** Closed. **2.** Closed **3.** Closed. **4.** Closed. **5.** Finalize and implement a comprehensive change control process for all of these foundational documents, as well as the WBS and schedule, as described in the Scope and Schedule Sections of this report, respectively. **6.** Closed **7.** Closed.

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			8. Finalize and implement common guidelines for reporting progress, including % complete. Consider implementation a common earned value management (EVM) approach that can be relied upon. **9.** Closed. **10.** Closed. **11.** Closed **12.** Closed **13.** Finalize all requirements as soon as possible. Where requirements cannot be finalized in the near term, implement contingency plans for manual operation. **14.** To alleviate the "stacking of requirements elaboration, development, SIT and UAT. CO should consider reducing scope, prolonging the schedule and/or both. **15.** Scope should be reduced in a manner that minimizes rework to avoid further delay in the schedule. **16.** Institute a comprehensive release management plan that includes communication of features and fixes to Agents, Community Partners and Tribal partners after the initial launch. **17.** Review the Oracle software release process to ensure it is aligned with an operational environment. This is important as the organization transitions from a pure development environment to an operational environment.
Contract Management (CM)	[redacted]	***Med***	
			Findings During Period: **1.** Oracle's performance is lacking. Their inability to adhere to industry standards and professional software and project management tenants warrants further review. **2.** CO is maintaining a contractor invoice tracking spreadsheet. This spreadsheet includes a comprehensive view of all current contracts, and includes type, term, and value of all contracts. 3. Oracle continues to post dates for specific deliveries and consistently miss delivery targets, a clear example is that of environment delivery. Oracle was to delivery 7 environments by 9/26/13 and to date they have only delivered 5. ***Risks:*** **1.** In general, agreements that allow contractor's to bill for hours worked, instead of fixed priced payments for satisfactory completion of specific deliverables, leave the onus on CO to verify that the hours were worked and sufficient value was created by the contractors, according to their individual agreements. It may also be difficult to prove or justify the commensurate

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			expenditures. **2.** Closed **3.** Without a clear tie between contractor work and the project WBS or schedule, effective management of contractor effort and billings will be difficult. **4.** Oracle's ability to perform is an issue on the project. ***Recommendations***: **1.** Closed. **2.** Conduct an independent assessment of all contractor activities and proposed deliverables. Identify opportunities to convert contractor payment method to state approval of specific contractor fixed-priced deliverables. Renegotiate agreements, as appropriate. **3.** Closed. **4.** Define specific roles and responsibilities for contractors. Clearly assign work, as defined in the WBS and schedule, to specific contractor staff. Use this information to update the CO staffing plan, as appropriate. **5.** Closed. **6.** Closed. **7.** Closed. **8.** Clearly tie contractor work to the project WBS or schedule. Track progress (% complete) accordingly. **9.** CO should consider having DOJ review the Oracle contracts for performance. **10.** CO should consider holding up all payments to Oracle until the vendor can deliver product in a professional manner. **11.** CO Management should clearly get formal assertion from Oracle in the form of a "cure" letter or contract amendment for specific releases dates, functionality and quality moving forward.
Product Content (PC)	[redacted]		
			Findings During Period: • With the severely compacted schedule, limited scope reduction, stacking of requirements elaboration, development and testing. System quality and reliability will be affected. • The technical details of the design are not being recorded by the developers as they complete the design. • Each software release from Oracle increases the overall amount of defects. Typically over time

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			defects will level out and begin to recede as the features are honed. This can be indicative of too many developers working on too many releases simultaneously without proper processes and controls. ***Risks:*** **1.** Closed. **2.** Closed. **3.** Closed **4.** Closed **5.** Closed **6.** Closed. **7.** Closed. **8.** Closed **9.** Closed. **10.** Closed. **11.** Closed **12.** Closed **13.** Closed **14.** Closed **15.** Severe compression of the schedule will adversely affect the quality and reliability of the system. **16.** Keeping the Oct 1st feature release open until the last minute will cause instability in the release and the triggering of contingency plans too late in the process. This could cause operations to be unprepared for launch. **17.** Too many Oracle developers working on the same code base without proper controls can result in system instability and features and functionality to appear in the system at the wrong times. ***Recommendations***: **1.** Closed. **2.** Closed **3.** Closed **4.** Closed **5.** Closed **6.** CO should have a formal review the existing OUM development process as it is implemented

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			(tailored) for the Exchange project for the 1.1 release. **7.** Closed. **8.** A complete and accurate record of all iteration use case work packages and Oracle functional and technical design documents and Corporation testing documents should be organized and kept as a complete package in the Dropbox. Understanding the amount of customization of the current implementation will be critical for CO as future needs are established. **9.** Closed **10.** Closed. **11.** Closed **12.** Closed **13.** Closed **14.** Triggering of contingency plans should happen as soon as possible to ensure that operations are ready for with a reliable process even if manual on day one. **15.** CO should consider reducing the amount of developers in the system by further scope deferment. In addition, CO should review Oracle's development resources and their workload to ensure they are working only on the current feature set.
Testing (TST)	[redacted]		
			Findings During Period: • The readiness of the system, as it is released from development is not as expected and SIT and UAT are doing more unit testing then was expecting. This will have a negative schedule impact. • Oracle SIT testers do not have a full grasp of the desired functionality of the system, therefor their testing quality is insufficient. • Performance test environment implementation was running late and was a dependency for the Production system. CO executive management has decided to defer this environment and move to the configuration environment. The plan is that some small amount of performance testing will be done prior to implementation and the system will be monitored in production for performance issues. ***Risks:*** **1.** Current iterations are being accepted without a formal and methodical review of the product by the BA's. This may result in SIT testing being conducted on incorrect UI design and functionality. **2.** Lack of a dedicated test environment will limit the exposure of the BA's and SME's with the product

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			that is being developed. It is very important that SME's have ample time to play with the design so they may be able to refine the design as necessary. **3.** Closed **4.** Closed **5.** Lack of performance testing on the production environment may result in the production environment not being able to handle the load of the system when launched to the public. ***Recommendations***: **1.** Closed. **2.** Closed **3.** Ensure that usability testing using typical users of the system is included in the testing of the Exchange on-line system. **4.** Closed. **5.** Closed **6.** Closed **7.** Ensure that the code delivered from development has been properly documented and that release notes are delivered with each release as it is delivered to the testing teams. **8.** CO should consider having BA's review the development of features prior to the system being released for test. **9.** CO should consider escalating within Oracle the issue of environment delivery. Lack of environments is causing a tremendous amount of risk for the project.

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SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	Cover Oregon agrees that the overall project remains High Risk as the final build contains key functionality that remains to be put through testing rigor.
Business Mission and Goals	The overall launch plan has good participation from all areas of the business. A dedicated team is coordinating the development of operational contingencies for areas of the system that are not expected to be ready day 1 and in the event that key areas do not function as planned. The noted findings and risks are not relevant to Cover Oregon's Mission and Goals, which have been clearly articulated for over a year. Cover Oregon does not disagree with the findings but does not agree that these are Mission or Goal issues.
Roadmap	As of September, the confirmed releases on the roadmap are the 10/1 launch to CPA with full launch in October. There are additional releases planned for enrollment and to support financial management in November and December. Some additional releases are planned for 2014, but the specific scope and timing for each release is yet to be determined.
Scope	While previously the initial launch was planned to include full functionality across Individual and SHOP, by mid-September Cover Oregon decided to allow account creation but not application on day 1. The Release plan for the Fall is intended to support Go Live triage defects and any incremental features that are not released day 1 based on testing results.
Schedule	As additional information from Oracle became available, Cover Oregon has established a revised schedule with key deliverables for Q4 2013. The new schedule includes the final delivery of all CO environments, a plan for getting to Production Readiness within OMCS guidelines and the delivery of interim and December 1.1 Releases.

Budget	Cover Oregon is monitoring expenditure vs available funds. Additional funding needs are being assessed. Some adjustments and transitions across the fall will be required to sustain through 2014.
Funding	Cover Oregon concurs with the MAXIMUS finding that the organization has received grant funding from CCIIO.
Board Governance	The Board governance process remains stable and the relationship and communication to the Board remains consistent.
Inter-Org Coordination	Cover Oregon has implemented a contingency process through which OHA will process Medicaid enrollments. If needed this process can be done manually. As manual enrollment is current OHA practice, doing this for new enrollments would be consistent with the process for which relevant OHA staff is already trained and capable of doing. Planning is underway with OHA to get its staff Siebel access.
Organizational Management	Primary staffing is complete, with some additional hiring occurring in Q4 to fill a few more positions and respond to identified needs. The organization is managing the growth and onboarding smoothly.
Human Resources	Cover Oregon has contracts in place to respond should additional resources be needed. Staff and the Executive team are invested in keeping morale up across the organization, planning is underway to provide relief to key staffers as needed.
Stakeholder Management	The launch plan includes Communication plans with CPA partners and Carriers in particular as key stakeholders as we approach go live. Regular daily and weekly calls are planned with agents/community partners engaged in supporting Cover Oregon's initial launch. Cover Oregon has been messaging its launch plan in light of its desire to get it "right" rather than just putting out a potentially flawed system to meet the October 1 launch date. This message has been delivered to the Board, Legislature, state Administraiton and news media.
Communication	The communications team is prepared to manage messaging to key stakeholders and media related to go live updates and ongoing releases.

Project Management	The final build was incomplete and is defect heavy. The initial 10/1 release will be a minimal set of functionality focused on stage gates of delivery until defects can be resolved across various components. Release plans for October and November have been established to bring incremental functionality online to CPAs and for Full Launch. These plans may be revisited as additional testing gives more visibility to the state of the system. Production release planning is in place for the October and November planned releases. The releases may need to be adjusted based on test results. Cover Oregon would like to have in place Pre-prod and Performance test environments to support Production moves and to support load testing in preparation for Full Launch. To date we have not received a clear or adequate plan from Oracle for how to achieve these important milestones.
Contract Management	Since Cover Oregon took over the Oracle contract for exchange work in May, it has become progressively better able to identify and directly address contractor issues. Cover Oregon is working with Oracle to assess and rectify system issues and improve our ability to identify when functionality will be available.
Product Content	The Change Request process has been put on hold, with some limited changes that have been accepted for 10/1 or shortly thereafter. In September, Cover Oregon took the significant step to limit system access to agents and community partners only, and to allow only account creation, but not application, plan selection and enrollment.
Testing	

SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

	Probable/eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
	Possible/unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT			
		Low	Med	High
	High	MED		
	Med		MED	
	Low			MED

Attachment A: Launch Assessment

Cover Oregon has requested that MAXIMUS do a high-level launch assessment of the organization. This 360^0 assessment is intended to portray, as accurately as possible, the state of the Organization on Oct 1st 2013. The assessment was done from two perspectives. The first perspective was using a set of basic, industry recognized, criteria for a marketplace or exchange. These are criteria that are common to all exchanges see figure 1. Common Exchange Criteria. The second perspective was using a simple capability maturity scale developed by MAXIMUS to communicate the level of processing capability of the organization. See figure 2. Exchange Processing Capability.

	Individual APTC and Medicaid Market				
		Yes	**No**	**Limited**	**Remarks**
1	Matching Buyers to Sellers				
1.1	Determine Product Offerings				
1.1.1	Product Features offered by Sellers	x			Using the CO, Deloitte built website consumers can view insurance plans and details.
1.1.2	Aggregation of different products	x			Using the CO, Deloitte built website consumers can view a variety of different types of plans from a number of different insurance carriers.
1.2	Search (of buyers for sellers)				
1.2.1	Price and Product Information	x			Using the CO, Deloitte built website consumers can enter their information and receive price quotes, subsidy information and details on insurance plans offered.
1.2.2	Matching seller offerings with buyer preferences	x			Using the CO, Deloitte built website consumers can view insurance plans by sorting and filtering preferences.
1.3	Price Discovery				
1.3.1	Process and outcome in determination of process	x			Consumers can fill out a paper application and submit for processing and enrollment into insurance carriers plans.
2	Facilitation of Transactions				
2.1	Logistics				
2.1.1	Delivery of information, good or service to buyer	x			Once enrolled into a plan the consumer will receive a notice from the insurance carrier of their enrollment and their plan details. Plan coverage will begin on Jan 1st 2014.
2.2	Settlement				
2.2.1	Transfer of Payment to Seller	NA			Subsidy's are paid directly to insurers by the IRS. Buyers of individual insurance plans pay sellers directly, not through the Exchange. OHA is paying a flat fee to the Cover Oregon for all Medicaid enrollees. Payment of Agent commissions from Cover Oregon are not due until Jan of 2014.
2.3	Trust				
2.3.1	Credit system, reputations, rating agencies	x			CO has worked successfully with insurance carriers on ensuring their participation in the Exchange. These carriers have provided plans that are rated and these rating are displayed to consumers via the CO, Deloitte built website. CO has also created a certification and training process for community partners and agents which participate in the Exchange to ensure they are reputable and knowledgeable on the program.
3	Institutional Infrastructure				
3.1	Legal				
3.1.1	Commercial Code, contract law, dispute resolution	x			CO has entered into agreements with agents and community partners, carriers and other governmental agencies needed to operate the State Exchange. CO has a dispute resolution process for the APTC and Medicaid consumer complaints in place.
3.2	Regulatory				
3.2.1	Rules and regulation, monitoring, enforcement	x			CO has interpreted that ACA law into rules and policy to ensure State compliance. CO determines eligibility for APTC and Medicaid in the individual market. CO actively monitors carriers, agents and community partners for compliance to their agreements with the Exchange.

Figure 1. Common Exchange Criteria

Level	Description	Assessment	Remarks
1	Inability to present plans, plan details and ratings for comparison. Inability to present pricing, determine eligibility or enroll individuals using manual tools/processes.		
2	Ability to present plans, plan details and ratings for comparison. Ability to present pricing, determine eligibility or enroll individuals using manual tools/processes and/or some online tools or processes.	X	
3	Ability to present plans, plan details and ratings for comparison. Ability to present pricing, determine eligibility or enroll individuals using fully automated systems.		

Figure 2. Exchange Processing Capability

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Oregon Health Insurance Exchange Corporation (ORHIX) / Cover Oregon (CO) Monthly Quality Status Report

October 2013

Deliverable #2.1.J

FINAL

Dated: Nov 14, 2013

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SECTION 1: Introduction

Cover Oregon (CO) recognizes the value of an independent, third-party formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

1. **Initial Risk Assessment** - identification of initial risks facing CO
2. **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
3. **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of October, 2013. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.

SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. In other words, progress in some areas since last month is offset by the fact that there is one less month until the federally mandated deadlines. Additionally, each rating category will carry a different relative weight when assessing the overall risk level of the effort. For example, while 10 out of 16 Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule" remain high (red), which drives the overall high (red) risk assessment.

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally. For example, in order to meet the federal requirement that the Exchange be up and running by January 1, 2014, the organization must be completed and ready to accept enrollments by October 2013. This is clearly a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is evolving rapidly and was dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of August, including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO has accepted over 7,300 paper applications and is in the position to do final enrollment as the applications are verified.
- The organization has and continues to demonstrate flexibility and creativity in dealing with this complex system delivery.
- CO launched the Deloitte website on Oct 1st. This site enables public users to determine APTC eligibility and shop for medical and dental insurance.
- The CO website had over 330,000 unique visitors in October. Over 244,000 of these users browsed insurance plans.
- The initial launch of the Oracle system gave the CP/A's the ability to login and ID to the system. This system had over 3,900 users that authenticated to the system.

The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

Table 1: Summary Quality Standards Scorecard

Quality Rating Category	*QA Risk Level*	*Priority QA Finding and Recommendations*	*CO Risk Level*	*CO Response*
OVERALL HEALTH		• See below for specific priority recommendations. • Continue to review, update, and track all outstanding quality risks and recommendations.		• Cover Oregon agrees that overall health remains High Risk as Cover Oregon worked through the month to bring up key functionality.
Business Mission and Goals		• CO has been accepting and processing paper applications. Approximately 7,300 applications have been delivered to the State. CO is capable of enrolling applicants with insurance carriers when applications are completed.		• Cover Oregon has continued to keep its organizational mission and goals in the forefront, as it implemented a manual contingency process for determining eligibility. The need for additional capacity was assessed in October, and resources will be brought on in November.
Roadmap	***Med***	• MAXIMUS expects that the short term roadmap to continue to change as issues arise with the Oracle system and Oracle's ability to deliver against the current set of requirements.	***Med***	• The release schedule was altered in late September once it was determined that expected functionality was not ready for launch. During October, CO identified manual and IT release dates that could be met by CO staff, contractors, OHA and Oracle, and planned out how the dates would be met. • CO has some preliminary 2014 releases planned but the specific scope and timing for each release is yet to be determined.
Scope		• It is likely that scope will continue to be trimmed if issues arise with the current plan or if development (Oracle) continues to under deliver. • Each time Oracle misses the		• While initial launch was planned to include full functionality across Individual and SHOP, by mid-September Cover

		dates they have by a significant margin, CO is left with very difficult choices and will often result in further adjustments to plans, releases, further scope reduction, etc. These actions by CO further exacerbate the Oracle ad hoc delivery process.		• Oregon decided to allow account creation but not application on day 1. • The Open Enrollment release plan was amended in October based on new information. The revised plan supports the incremental release of functionality and ensures defects are identified, triaged and resolved.
Schedule		• Oracle's ability to release system environments continues to be problematic. This has a significant impact on the schedule. • Oracle's ability to properly estimate the work for any release is significantly lacking - this continues to affect the schedule and CO's ability to communicate dates to the public.		• As additional information from Oracle became available, Cover Oregon has established a revised schedule with key deliverables for Q4 2013. The new schedule includes the final delivery of all CO environments, a plan for getting to Production Readiness within OMCS guidelines and the delivery of interim and December 1.1 Releases.
Budget	***Med***	• CO total budget, year to date (Sept), is underspent by approximately $480K. • The IT component of the CO budget, year to date (Sept), has overspent by approximately $13.8 million. The budgeted amount was $57 million and the actual amount is $67 million.	***Med***	• Cover Oregon is monitoring expenditure vs available funds. Additional funding needs are being assessed. Some adjustments and transitions across the fall will be required to sustain through 2014. • Cover Oregon is in discussion with Oracle with regard to delivery and payment issues.
Funding		• CO has secured $226 million in Level 2 funding for the Exchange. • The amount remaining on the level 2 grant as of Sept is approximately $149 million. • It is recommended that CO work with CMS to determine if there are other opportunities for IT funding in the short term.		• Cover Oregon concurs.
Board		• The CO Board meets on a regular basis and receives		• Cover Oregon concurs.

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Governance	[redacted]	updates from Executive Director and his staff on salient business, IT and stakeholder topics. • The CO Director accurately conveys the challenges of the IT system launch to the board during the board meetings.	[redacted]	
Inter-Org Coordination	***Med***	• Cover Oregon and OHA/DHS have been working together reasonable well. As issues arise the business units' work together to find a reasonable solution.	***Med***	• Cover Oregon and OHA have worked together to implement a manual contingency process that involves OHA processing Medicaid enrollments until the joint effort to send enrollments electronically is finalized and fully tested. If needed this process can be done manually. • Manual enrollment is current OHA practice, making it consistent with the process for which relevant OHA staff is already trained and capable of doing. • Cover Oregon and OHA are processing applications and enrollments and coordinating efforts.
Org Management	[redacted]	• As the Oct 1st launch occurred there were unanticipated events that occurred and the organization adapted quickly. The adaptations in some cases required staff to put in tremendous effort. The line staff were consistently consulted and were given a voice in problem resolution. • The level of effort mentioned above, shows the tremendous flexibility of the organization, however, this flexibility and effort takes its toll on the line staff and can't be expected during each software release.	[redacted]	• Staff worked well together across organizational lines to respond to challenges. • The addition of temporary staff is planned to respond to current need, particularly in the service center but also in central office where needed. The organization is managing the growth and onboarding smoothly. • Additional efforts are being taken at the organization-level to ensure that staff is able to meet Cover Oregon needs without depleting their personal resources.
Human Resources	[redacted]	• There have been a number of examples of staff exhibiting signs of extreme stress. This stress is rooted in being	[redacted]	• October was a high stress month for the organization. • Cover Oregon has contracts in place to

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	[redacted]	overworked, doing work beyond their skillsets, individual stress tolerances, and/or different levels of commitment or expectations between staff and vendors. Extra care should be taken by executive management to monitor for signs of stress and intervene to ensure personnel health and organizational morale during this period. • CO should consider adding consultants/staff to backup and/or augment staff based on the reasons above.	[redacted]	respond should additional resources be needed. • Staff and the Executive team are invested in keeping morale up across the organization. Planning is underway to provide relief to key staff as needed. Additionally. Staff across the organization is actively supporting one another in both formal and informal ways.
Stakeholder Management	***Med***	• Missed delivery by Oracle of the Oct 31st release will require CO to communicate new expectations to stakeholders • Releasing a system that is unreliable/not stable will frustrate users and may negatively affect the CO brand. • It is recommended that when Oracle presents release dates, features, defect tolerances and user capacity CO should memorialize these items in formal "cure" letters.	***Med***	• Communication with Community Partners, Agents and Carriers was a key to managing through October and will continue going forward. • Agents and community partners involved with Cover Oregon's initial launch are being informed and consulted regularly through daily calls and emails, and weekly meetings. • Cover Oregon has been messaging its launch plan and providing updates to the Board, Legislature, state Administration and news media as things continue to evolve.
Communications	***Med***	• MAXIMUS expects that additional changes/fixes may occur as system releases are launched throughout the fall. CO needs to ensure that procedures are in place to retrain CP/A's, CSR's and OHA personnel prior to the release of incremental features. • Based on Oracle's inability to estimate work and meet system release dates, CO should consider developing an outbound communications strategy that acknowledges this situation.	***Med***	• The communications team has responded to stakeholder and media requests for up-to-date information related to functionality and releases. • Cover Oregon messaging is coordinated with OHA and involves administration feedback.

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Project Management		• CO has commissioned MAXIMUS to review these Oracle processes. MAXIMUS has reviewed the processes and have found the processes do not meet industry standards. Impact analysis, code review, coding standards and proper parallel development techniques are ad hoc and inconsistently applied or understood.
		• On Oct 9th the CO production system was taken down after a release of a simple patch by Oracle. A root cause analysis was conducted by Oracle (see Attachment A to this report). MAXIMUS analysis concluded the following:
		  • The outage could have been averted.
		  • The Oracle code written and implemented was not of sufficient quality.
		  • Oracle code peer review was not sufficient.
		  • Testing was not sufficient.
		• Oracle's ability to deliver environments in a timely manner continues to be an issue.
		• CO should consider reducing the amount of developers in the Siebel component of the solution. This product in particular, does not lend itself to parallel development.
		• CO should consider focusing on a single component of the system using a small cross functional team of SME's, BA's, developers and testers doing rapid fix and test to begin to show forward progress more rapidly. If this proves productive, additional teams should be formed to similar work in other areas over time.
				• Cover Oregon concurs with MAXIMUS's assessment. Based on its own review, Cover Oregon has insisted to the most senior Oracle managers that they rectify these findings, and we have been directly enforcing that development processes meet industry standard best practices.
				• Cover Oregon concurs with MAXIMUS's assessment and has demanded that Oracle improve code quality and development discipline.
				• Production releases were rescheduled in October for the Q4 2013 releases. Cover Oregon is prepared to adjust releases based on test results.
				• Cover Oregon has directed Oracle to retain the most experienced Siebel developers and augment with high-level, highly experienced developers and architects.
				• Small teams have been established in the production room, bringing together developers from different areas with subject matter experts to work on key issues and system functionality.

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Contract Management	***Med***	• MAXIMUS understands that payment to Oracle is being withheld and DOJ is being consulted on how to best manage the lack of performance by Oracle. • Oracle's performance is clearly lacking. Their inability to adhere to industry standards and professional software and project management tenants warrants further review. • Oracle continues to post dates for specific deliveries and consistently miss delivery targets, a clear example is that of environment delivery. Oracle was to delivery 7 environments by 9/26/13 and to date they have only delivered 5.	***Med***	• Since Cover Oregon took over the Oracle contract for exchange work in May, it has become progressively better able to identify and directly address contractor issues. Cover Oregon is working with Oracle to assess and rectify system issues and improve our ability to identify when functionality will be available.
Product Content	[redacted]	• In September, Cover Oregon took the significant step to limit system access to agents and community partners only, and to allow only account creation, but not application, plan selection and enrollment. Oracle set the expectation CO Board that full functionality would be completed by the end of Oct (see Oct Board transcripts). This did not materialize. • CO has commissioned Deloitte to create a light weight website that will provide the public with the ability to identify APTC tax credits and browse insurance plans. This website has proved helpful to a number of people and families that are likely qualified for tax credits.	[redacted]	• Cover Oregon concurs that Oracle did not meet its commitments to the Cover Oregon Board. Cover Oregon is now working with top Oracle technical leadership and the Oracle CEO is now being apprised daily to ensure that no more slippage occurs. • The "public website" created by Deloitte provides individual users with a tool to estimate individual tax credit eligibility, anonymous browse capability, and agent/community partner search. Cover Oregon concurs that it has been useful for consumers interested in determining what they might be eligible to receive.
Testing		• Software releases into test from development are being implemented daily/weekly. The		• Cover Oregon has directed Oracle to produce more targeted releases that focus on specific areas on functionality, and

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	[redacted]	releases are not stable and fixes and features are appearing randomly in the releases. In addition, more items are breaking then are being repaired. This is indicative if too much concurrent Oracle development in an uncontrolled development environment. • Performance testing by Oracle is dependent on a stable release of the system. In addition, sufficient features need to be developed and released for performance testing to be meaningful.	[redacted]	that reflect Cover Oregon's production release plan. This has allowed the test team to focus testing more effectively to ensure solid coverage on each release to the test environment, and to plan more rigorous regression testing. Development work has been moved to a more stable environment, which has allowed the developers to carry out more effective unit testing, which has improved the quality of the code entering the test environment. A pre-production environment will come on line in November, and will be used for regression testing. • A performance test environment is now in place, and performance test planning is in progress, now that the enough functionality has been delivered to make performance testing meaningful.

Table 2: QA Risk Level Tracking

Quality Rating Category	Jan '13	Feb '13	Mar '13	Apr '13	May '13	June '13	July '13	Aug '13	Sept '13	Oct '13
OVERALL HEALTH										
Business Mission and Goals	M	M	M						M	
Roadmap	M	M	M	M	M	M	M	M	M	M
Scope										
Schedule										
Budget	M	M	M	M	M	M	M	M	M	M
Funding										
Board Governance										
Inter-Org Coordination									M	M
Organizational Management										
Human Resources	M	M	M	M	M	M	M	M	M	
Stakeholder Management									M	M
Communication				M	M	M	M	M	M	M
Project Management	M	M	M							
Contract Management	M	M	M						M	M
Product Content										
Testing	M									

SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of October, 2013.

Section 4: Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. For ease of readability, the unique numbering has been reset for both risks and recommendations, to assist in tracking. The integrity of the numbering will be preserved during future reports.

Table 3: Detailed Quality Standards Scorecard

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Quality Rating Category	*Sept 2013*	*Oct 2013*	*Risk Assessment Finding, Risks, and Recommendations*
Business Mission and Goals (BMG)	***Med***		
			Findings During Period: • CO has been accepting and processing paper applications. Approximately 7300 applications have been delivered to the State. CO is capable of enrolling applicants with insurance carriers when applications processing is completed by CO and OHA. • The Exchanged was launched to only Agents and Community Partners using a combination of the Deloitte built website and the Oracle system. The Deloitte website is housed using Amazon's cloud service. This site will enable public users, Agents and Community Partners to enter in their information to determine tax credits, browse plans and review plan information and costs. This information can be utilized to fill out paper applications via a PDF form. • The Oracle system was released to only Agents and Community Partners and is limited to login and ID proof only. Additional functionality is intended to be available in future releases. Each subsequent release will most likely go into production with known defects and manual workarounds. • The system is being accessed by these groups for a limited amount of hours per day and the system will be unavailable in the evening for maintenance. ***Risks:*** **1.** Without clear understanding, communication and alignment of the deadlines and contingency plans for each Oracle system release between the business units (CO, OHA) procedures for application processing may be incomplete or out of synch. **2.** Without a clear understanding and testing of each Oracle release CO business may encounter negative feedback from the CP/A users. **3.** Without a detailed system release plan, coordination of IT, OPS and Marketing and training may not be in full alignment for each subsequent release. **4.** Launching the Oracle system with known defects may result in a bad user experience which could affect the CO brand long term.

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			***Recommendations*:** 1. Ensure that each Oracle release is tested and defects are well documented. These defects, if accepted by CO, will drive workaround and contingency plans.CO should ensure these are all well documented and communicated to internal staff. In addition, this information will drive the training for the CP/A on each release and CO should ensure that training and materials are available to the CP/A prior to releasing the Oracle software to production. **2.** Continue to refine the feature roadmap and ensure that it is connected with the business strategy, marketing, training and communications as well as OHA/DHS.
Roadmap (RM)	***Med***	***Med***	
			Findings During Period: • MAXIMUS expects that the short term roadmap to continue change as issues arise with the Oracle system and Oracle's ability to deliver against the current set of requirements. • Based on the soft launch strategy the roadmap for the next few releases are proposed based on essential business features for the next couple of months. • Additional scope may need to be deferred as a more detailed level of effort is provided and Oracle's ability to deliver. • Releases of the system will be implemented throughout the fall of 2013. ***Risks:*** **1.** Without a clear, comprehensive, and authoritative description of the Exchange roadmap, the project will likely continue to have incomplete data for future budgeting and unclear project priorities. **2.** Without a roadmap projection beyond 2013 will be difficult to do development budget projections for future grants and operations and development. **3.** Without a process for determining the roadmap priorities it will be difficult to determine what features will have the highest impact of CO target metrics. **4.** The inability of Oracle to deliver previous roadmaps makes it difficult to expect them to deliver against the new fall roadmap. ***Recommendations*:** **1.** Oracle and CO should create integrated prioritized roadmap to communicate with the CO staff, CO Board of Directors, and other stakeholders how the CO metrics will be achieved.

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			2. The process for developing the roadmap(s) should be documented so that it can be evaluated by stakeholders prior to getting deep into the process. Also, all underlying assumptions should be articulated in the process so they can be agreed upon by executive management. **3.** Finalize the near term functional roadmap, including a high-level schedule of required functionality, and prioritized features.
Scope (SCP)	[redacted]	[redacted]	
			Findings During Period: • It is likely that scope will continue to be trimmed if issues arise with the current plan or if development (Oracle) continues to under deliver. • Each time Oracle misses the dates they have by a significant margin. CO is left with very difficult choices and will often result in further adjustments to plans, releases, further scope reduction, etc. These actions by CO further exacerbate the Oracle ad hoc delivery process. • CO has deferred a piece of the Medicaid interface into the OHA MMIS system until TBD. • Currently, a cross functional view of the Product Development Lifecycle (PDLC) does not exist and clear connections between development, operations, marketing and communications are lacking. • The Oracle development group did not deliver all the Oct features as scheduled. This will most likely push features in subsequent iterations further out in time and/or result in significant scope reduction in the near future. ***Risks:*** **1.** Lack of discipline and control of the change management process will result in incomplete build documentation, testing errors and schedule slips. **2.** Without a tight linkage between development, business, marketing, and communications the current launch strategy with the current scope will be difficult to manage after launch. **3.** The inability of Oracle to deliver previous roadmaps makes it difficult to expect them to deliver against the new fall roadmap. **4.** The inability of Oracle to deliver previous roadmaps makes it difficult to expect them to deliver against the reduced scope. ***Recommendations:***

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			1. Define and implement clear project management processes and controls for maintaining the CO WBS, including "rolling wave" elaboration of near-term work. **2.** Continue to integrate the use of the Schedule (and underlying WBS) into the day-to-day management and planning of the project especially for future product releases. This will ensure that these documents are useful and accurate. **3.** Develop clear milestones, tasks and checkpoints for the Scope lockdown and sizing for the final iterations for the fall releases. Communicate these items to all appropriate stakeholders. **4.** CO should ensure that the manual paper application process is leveraged heavily during the soft launch process.
Schedule (SCH)	[redacted]		
			Findings During Period: • Oracle's ability to release system environments continues to be problematic. This has a significant impact on the schedule. • Oracle's ability to properly estimate the work for any release is significantly lacking, this continues to affect the schedule and CO's ability to communicate dates to the public. • The CO team reviews and updates the schedule weekly with ORACLE and other development, integration and test groups. The schedule is less predictive at this point in the project. It is primarily used to track status of releases. • The CO schedules lack baselines for variance measurements. This information will be important for future roadmap and feature release estimates. • The lack of reliable estimating by the Oracle teams, undiscovered development issues and incomplete requirements by CO will result in continued surprises to CO throughout the initial launch and subsequent releases in the fall. ***Risks:*** **1.** Without a clear understanding of how Oracle estimates the development work and their schedule, including the activities and tasks specifically assigned to CO, there is a risk that releases will continue to slip. **2.** Without clearly linked schedules between CO and Oracle development and Oracle On Demand services, the project will suffer from confusion and misaligned expectations and deadlines.

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			Recommendations: **1.** Develop a single, comprehensive, baselined schedule for all Oracle development, Oracle On Demand Services, Oracle Performance test and CO test work. **2.** Define and implement common project management processes and controls for maintaining the schedule across Oracle and CO, including "rolling wave" elaboration of near-term activities, baselining, variance tracking, resource loading and common reporting of project progress and status. **3.** Given the difficulty in estimating the development with Oracle and delivery Oracle environments, CO should embed sufficient slack in its schedule (on the order of 50+ percent). CO should continue to monitor the IT delivery deviations. These deviations should be reported to CO Executive staff in the weekly or monthly reports by CO CIO.
Budget (BGT)	***Med***	***Med***	
			Findings During Period: • CO total budget, year to date (Sept), is underspent by approximately $480K. • The IT component of the CO budget, year to date (Sept), has overspent by approximately $13.8 million. The budgeted amount was $57 million and the actual amount is $67 million. • Significantly increasing Oracle development and testing staff to complete the first release will have an overall impact on the budget. ***Risks:*** **1.** The lack of fully elaborated, integrated and baselined WBS and schedule raises the risk that the project scope, schedule, and therefore costs are not clearly understood. As a result, the budget is most likely inaccurate. **2.** Changes in architecture approach and SIT testing will affect the budget of the organizations. **3.** The addition of unplanned development resources to achieve the outstanding scope will increase costs in the budget in the short term. **4.** The addition of the Deloitte public website to compensate for the lack of delivery by Oracle will increase project IT costs. ***Recommendations:*** **1.** Document and implement a budgeting process for CO. This process should include the tracking of assumptions and dependencies. This budget should have significant reserve for unbudgeted items given the organization and the system is new. **2.** Update the budget projections for CO. Ensure the budget projections are aligned with the roadmap

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			items that will be established. **3.** With the addition of Oracle resources to complete the development and testing of the Exchange a budget reevaluation should be conducted to determine the budget impact of this decision.
Funding (FND)	[redacted]		
			Findings During Period: • CO has received $226 million in Level 2 funding. Approximately $90 million is for IT of which $67 million has been spent. • The amount remaining on the level 2 grant as of Sept is approximately $149 million. • CO expects that additional funding opportunities will be available in 2014 by CMS. ***Risks:*** **1.** The increased rate of IT spending will most likely reduce spending in some other critical area of CO. ***Recommendations:*** **1.** It is recommended that CO work with CMS to determine if there are other opportunities for IT funding in the short term.
Board Governance (BG)	[redacted]		
			Findings During Period: • The CO Board meets on a regular basis and receives updates from Executive Director and his staff on the salient business, IT and stakeholder of topics. • The CO Executive Director continues to convey the challenges of the IT system launch to the board members at the monthly board meetings. ***Risks:*** **1.** None ***Recommendations:*** **1.** None

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Inter-Org Coordination (IOC)	***Med***	***Med***	
			Findings During Period: • Cover Oregon and OHA/DHS business/policy analysts have been working together reasonable well. As issues arise the business units work together to find a reasonable solution. • CO Customer Service and OHA 5503 have worked well in creating a manual paper application and processing. This includes scanning and logging of the paper applications in the system. ***Risks:*** **1.** Without proper coordination among OHA/DHS and CO policy and business operations it will put CO in a difficult position with respect to planning the completion the MMIS and CO interfaces for automated Medicaid Eligibility and Enrollment. **2.** Without proper coordination among OHA/DHS and CO policy and business operations paper processing of Medicaid and APTC applications have difficulties. ***Recommendations:*** **1.** The work with OHA Business and technology will need to mature and will probably span over multiple system releases. With this understanding CO should consider crafting a long-term strategy i.e., roadmap that demonstrates short term as well as long term goals and objectives with respect to the interfaces into MMIS.
Organizational Management (OM)	[redacted]		
			Findings During Period: • As the Oct 1st launch occurred there were unanticipated events that occurred and the organization adapted quickly. The adaptations in some cases required staff to put in tremendous effort. The line staff were consistently consulted and were given a voice in problem resolution. • The level of effort mentioned above, shows the tremendous flexibility of the organization, however, this flexibility and effort takes its toll on the line staff and can't be expected during each software release. • The Organization is growing at a rapid pace and seems to be adapting and managing the growth well. ***Risks:***

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			1. Dependence on key individuals to compensate for lack of system delivery will produce burnout, stress conditions, turnover and/or negative morale. ***Recommendations***: **1.** As the CO Roadmap, WBS and Schedule are updated, Executive Management should clearly get formal assertion from Oracle in the form of a contract amendment for specific releases and functionality and quality moving forward. **2.** CO should set realistic goals with respect to system deliveries and if these goals are not met the dates should be reset to a reasonable manual processing date and goal so that personnel can adapt without the need for heroic efforts. **3.** Continue to identify key internal operational processes and assign these processes to the specific executive management for development. **4.** Continue to refine and update the CO organizational chart, including detailed roles, responsibilities, expectations, and authorities.
Human Resources (HR)	***Med***		
			Findings During Period: • There have been a number of examples of staff exhibiting signs of extreme stress. This stress is rooted in being overworked, doing work beyond their skillsets, individual stress tolerances, and/or different levels of commitment or expectations between staff and vendors. Extra care should be taken by executive management to monitor for signs of stress and intervene to ensure personnel health and organizational morale during this period. • CO should consider adding consultants/staff to backup and/or augment staff based on the reasons above. • Releasing a system that has known defects will increase the load on the Customer Service Reps (CSRs). Management should specifically monitor these groups for signs of stress. ***Risks:*** **1.** The dynamic nature and fast organizational growth of CO may create significant staff stress and frustration. Communication and HR support systems will be taxed. **2.** Staff with gaps in their skill sets can create schedule delays, rework and/or incorrect planning and execution for the organization. **3.** Over worked/stressed employees or contractors will tend to make simple mistakes which can result

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			in rework or issues with clients. **4.** Health of stressed or overworked individuals can result in loss of key individuals on the project. ***Recommendations***: 1. CO should consider hiring additional technical staff to monitor/augment Oracle staff. The current CO staff are either too sparse or not do not have sufficient skill level to handle the complex development and release environment. **2.** Continue to support team building and informal support structures for staff. **3.** Have an independent review of the IT organization to determine if new roles and personnel are needed based on the change in architecture, and the more complex development and release processes. **4.** HR should conduct spot reviews/interviews and or skip level interviews with personnel to monitor morale and health issues with personnel including contractors.
Stakeholder Management (SM)	[redacted]	***Med***	
			Findings During Period: • Missed delivery of the Oct 31 release by Oracle will require CO to communicate new expectations to stakeholders. • Releasing a system that is unreliable/not stable will frustrate users and may negatively affect the CO brand. ***Risks:*** **1.** Lack of proactive communication with Exchange stakeholders may limit early participation and/or public confidence. **2.** Establishing and communicating system release dates and not meeting the dates will result in credibility issues with both internal and external stakeholders. For example, Oracle told the CO Board that the CP/A and the Individual components of the system would be launched by Oct 31st. **3.** If the Exchange does not manage stakeholder expectations in a consistent manner then CO's management credibility may suffer. ***Recommendations***: **1.** It is recommended that when release dates are to be provided to key stakeholders that Oracle executive management be present. It is recommended that Oracle executive management present the dates, features, thresholds and capacity information, i.e., number of user that the

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			system is tested to accommodate. 2. It is recommended that CO resist releasing a system that does not meet the threshold set for defects and/or the capacity. 3. It is recommended that when Oracle present release dates they believe they can make and CO accepts these dates, that should memorialize these dates, features, defect tolerance and capacity in "cure" letters.
Communications (COMM)	***Med***	***Med***	
			Findings During Period: • MAXIMUS expects that additional changes/fixes may occur as system releases are launched throughout the fall. CO needs to ensure that procedures are in place to retrain CP/A's, CSR's and OHA personnel prior to the release of incremental features. • Based on Oracle's inability to estimate work and meet system release dates, CO should consider developing an outbound communications strategy that acknowledges this situation. ***Risks:*** 1. If the Exchange does not communicate its functions in a consistent manner then confusion and frustration may result for entities that need to oversee, interface with, purchase or supply services to the Exchange. 2. If the Exchange does not communicate its functions in a consistent manner then CO's management credibility may suffer. ***Recommendations:*** 1. The internal marketing function of CO is working with the IT, SME's and executive management to identify areas where specialized high level communications need to take place. 2. The Marketing organization should establish consistent messaging for the organization that reflects Oracles inability to deliver a stable system, on time and with the appropriate features.
Project Management (PM)	[redacted]		

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			Findings During Period: • CO has commissioned MAXIMUS to review these Oracle processes. MAXIMUS has reviewed the processes and have found the processes do not meet industry standards. Impact analysis, code review, coding standards and proper parallel development techniques are ad hoc and inconsistently applied or understood. • Oracle's ability to deliver environments in a timely manner continues to be an issue. • CO should consider reducing the amount of Oracle developers in the Siebel component of the solution. This product in particular, does not lend itself to parallel development and the amount of programmers are most likely creating more problems by lack of proper coordination and ad hoc practices. • On Oct 9th the system production system was taken down after a release of a simple patch by Oracle. A root cause analysis was conducted by Oracle. this information was presented to MAXIMUS for analysis. MAXIMUS analysis concluded the following: o The outage could have been averted if the contingency plan on the CR was implemented as noted, i.e., reloading the affected table when the issue was identified by the Oracle Solution Architect on the evening of Oct 2nd (see case name RCA timeline). o The Oracle code written and implemented was not of sufficient quality. Failing to reset variables used in a loop, either at the end of the loop, or at the start of a new loop and performing a 'blanket' update of records without checking that all requisite conditions are 'true' and that an update is necessary are basic software coding techniques. o Oracle code peer review was most likely not conducted based on the issues identified above. o Testing was not done, not done correctly or the environments are sufficiently different that the testing was ineffective. • Resolution of defects by Oracle is taking up to 10 days. CO should consider focusing on a single feature component of the system using a small cross functional team of SME's, BA's, developers and testers doing rapid fix and test to begin to show forward progress more rapidly, for example, CP/A eligibility component. If this proves productive, additional teams should be formed to similar work in other areas over time. • Without sufficient slack in the schedule (based on past variance) the plan for the future features is optimistic. • Change management process needs to be further tightened down by the PM. • Release management procedures needs to be developed and instituted by the PM. ***Risks:*** **1.** A change management process that is not effective will result in schedule slips, testing errors, etc.

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			2. Lack of environments will require CO to make difficult decisions, none of which are desirable. 3. Too many developers accessing and troubleshooting "bad code" will result in more instability and potentially more bad code. **4.** A production release management process that is incomplete or not well planned can cause credibility issues with the public if features or fixes appear without proper communication. ***Recommendations***: **1.** It is recommended that CO formalize and implement a comprehensive change control process. **2.** It is recommended that CO have Oracle document their parallel software development and release process to ensure it is aligned with an operational environment. This is important as the organization transitions from a pure development environment to an operational environment. 3. It is recommended that CO have Oracle define the delivery schedule for the remaining environments and memorialize the schedule using a "cure" letter. 4. It is recommended that Oracle outline how they intend to improve the quality of their code. CO should request a formal code review by Oracle QA.
Contract Management (CM)	[redacted]	***Med***	
			Findings During Period: • MAXIMUS understands that payment to Oracle is being withheld and DOJ is being consulted on how to best manage the lack of performance by Oracle. • Oracle's performance is lacking. Their inability to adhere to industry standards and professional software and project management tenants warrants further review. • Oracle continues to post dates for specific deliveries and consistently miss delivery targets, a clear example is that of environment delivery. Oracle was to delivery 7 environments by 9/26/13 and to date they have only delivered 5. ***Risks:*** **1.** In general, agreements that allow contractor's to bill for hours worked, instead of fixed priced payments for satisfactory completion of specific deliverables, leave the onus on CO to verify that the hours were worked and sufficient value was created by the contractors, according to their individual agreements. It may also be difficult to prove or justify the commensurate expenditures. **2.** Without a clear tie between contractor work and the project WBS or schedule, effective management of contractor effort and billings will be difficult.

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			3. Oracle's ability to perform is an issue on the project. ***Recommendations*:** **1.** Conduct an independent assessment of all contractor activities and proposed deliverables. Identify opportunities to convert contractor payment method to state approval of specific contractor fixed-priced deliverables. Renegotiate agreements, as appropriate. **2.** Define specific roles and responsibilities for contractors. Clearly assign work, as defined in the WBS and schedule, to specific contractor staff. Use this information to update the CO staffing plan, as appropriate. **3.** Clearly tie contractor work to the project WBS or schedule. Track progress (% complete) accordingly. **4.** CO should consider having DOJ review the Oracle contracts for performance. **5.** CO should consider holding up all payments to Oracle until the vendor can deliver product in a professional manner. **6.** CO Management should clearly get formal assertion from Oracle in the form of a "cure" letter or contract amendment for specific releases dates, functionality and quality moving forward.
Product Content (PC)	[redacted]		
			Findings During Period: • In September, Cover Oregon took the significant step to limit system access to agents and community partners only, and to allow only account creation, but not application, plan selection and enrollment. Oracle set the expectation CO Board that full functionality would be completed by the end of Oct (see Oct Board transcripts). This did not materialize. • CO has commissioned Deloitte to create a light weight website that will provide the public with the ability to identify APTC tax credits and browse insurance plans. This website has proved helpful to a number of people and families that are likely qualified for tax credits • The technical details of the design are not being recorded by the developers as they complete the design. ***Risks:*** **1.** Severe compression of the schedule will adversely affect the quality and reliability of the system. **2.** If design details are not documented and developers move on, a technology transfer is lost. **3.** Too many Oracle developers working on the same code base without proper controls can result

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			in system instability and features and functionality to appear in the system at the wrong times. ***Recommendations***: **1.** A complete and accurate record of all iteration use case work packages and Oracle functional and technical design documents and Corporation testing documents should be organized and kept as a complete package in the Dropbox. Understanding the amount of customization of the current implementation will be critical for CO as future needs are established. **2.** CO should consider reducing the amount of developers in the system by further scope deferment. In addition, CO should review Oracle's development resources and their workload to ensure they are working only on the current feature set.
Testing (TST)	[redacted]	[redacted]	
			Findings During Period: • Software releases into test from development are being implemented daily/weekly. The releases are not stable and fixes and features are appearing randomly in the releases. In addition, more items are breaking then are being repaired. This is indicative if too much concurrent Oracle development in an uncontrolled development environment. • Performance testing by Oracle is dependent on a stable release of the system. In addition, sufficient features need to be developed and released for performance testing to be meaningful • Oracle SIT testers do not have a full grasp of the desired functionality of the system, therefor their testing quality is insufficient. ***Risks:*** **1.** Current iterations are being accepted without a formal and methodical review of the product by the BA's. This may result in SIT testing being conducted on incorrect UI design and functionality. **2.** Lack of a dedicated test environment will limit the exposure of the BA's and SME's with the product that is being developed. It is very important that SME's have ample time to play with the design so they may be able to refine the design as necessary. **3.** Lack of performance testing on the production environment may result in the production environment not being able to handle the load of the system when launched to the public. ***Recommendations***: **1.** Ensure that usability testing using typical users of the system is included in the testing of the Exchange on-line system.

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			2. Ensure that the code delivered from development has been properly documented and that release notes are delivered with each release as it is delivered to the testing teams. **3.** CO should consider having BA's review the development of features prior to the system being released for test. **4.** CO should consider escalating within Oracle the issue of environment delivery. Lack of environments is causing a tremendous amount of risk for the project.

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SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	Cover Oregon agrees that overall health remains High Risk as Cover Oregon worked through the month to bring up key functionality.
Business Mission and Goals	Cover Oregon has continued to keep its organizational mission and goals in the forefront, as it implemented a manual contingency process for determining eligibility. The need for additional capacity was assessed in October, and resources will be brought on in November.
Roadmap	Cover Oregon altered the release schedule in late September once it was determined that expected functionality was not ready for launch. During October, Cover Oregon identified manual and IT release dates that could be met by Cover Oregon staff, contractors, OHA and Oracle, and planned out how the dates would be met. Initial 2014 release planning has occurred but the specific scope and timing for each release is yet to be determined.
Scope	While initial launch was planned to include full functionality across Individual and SHOP, by mid-September Cover Oregon decided to allow account creation but not application on day 1. The Open Enrollment release plan was amended in October based on new information. The revised plan supports the incremental release of functionality and ensures defects are identified, triaged and resolved.
Schedule	As additional information from Oracle became available, Cover Oregon established a revised schedule with key deliverables for Q4 2013. The new schedule includes the final delivery of all CO environments, a plan for getting to production readiness within OMCS guidelines and the delivery of interim and December 1.1 releases.
Budget	Cover Oregon is monitoring expenditure compared to available funds. Additional funding needs are being assessed. Some adjustments and transitions across the fall will be required to sustain through 2014. Cover Oregon is in discussion with Oracle with regard to delivery and payment issues.
Funding	Cover Oregon concurs with the MAXIMUS finding and is evaluating its ongoing

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	funding needs and opportunities for additional grant funds.
Board Governance	Cover Oregon concurs with the MAXIMUS finding.
Inter-Org Coordination	Cover Oregon and OHA are processing applications and enrollments and coordinating efforts. Cover Oregon and OHA have worked together to implement a manual contingency process that involves OHA processing Medicaid enrollments until the joint effort to send enrollments electronically is finalized and fully tested. If needed this process can be done manually. Manual enrollment is current OHA practice, making it consistent with the process for which relevant OHA staff is already trained and capable of doing.
Organizational Management	Staff has worked well together across organizational lines to respond to challenges. The addition of temporary staff is planned to respond to current need, particularly in the service center but also in central office where needed. The organization is managing the growth and onboarding smoothly. Additional efforts are being taken at the organization-level to ensure that staff is able to meet Cover Oregon needs without depleting their personal resources.
Human Resources	October was a high stress month for the organization. Staff and the Executive team are invested in keeping morale up across the organization. Planning is underway to provide relief to key staff as needed. Additionally. Staff across the organization is actively supporting one another in both formal and informal ways. Cover Oregon has contracts in place and is investigating additional resources to respond to the continuing workload.
Stakeholder Management	Communication with community partners, agents and carriers was a key to managing through October and will continue going forward. Agents and community partners involved with Cover Oregon's initial launch are being informed and consulted regularly through daily calls and emails, and weekly meetings. Cover Oregon has been messaging its launch plan and providing updates to the Board, Legislature, state Administration and news media as things continue to evolve.
Communication	The communications team has responded to stakeholder and media requests for up-to-date information related to functionality and releases. Cover Oregon messaging is coordinated with OHA and involves administration feedback.
Project Management	Cover Oregon concurs with MAXIMUS's assessment. Based on its own review, Cover Oregon has insisted to the most senior Oracle managers that they rectify these findings, and we have been directly enforcing that development processes meet industry standard best practices. Cover Oregon concurs with MAXIMUS's assessment and has demanded that Oracle improve code quality and development discipline. Production releases were rescheduled in October for the Q4 2013 releases. Cover Oregon is prepared to adjust releases based on test results. Cover Oregon has directed Oracle to retain the most experienced Siebel

	developers and augment with high-level, highly experienced developers and architects. Small teams have been established in the production room, bringing together developers from different areas with subject matter experts to work on key issues and system functionality.
Contract Management	Since Cover Oregon took over the Oracle contract for exchange work in May, it has become progressively better able to identify and directly address contractor issues. Cover Oregon is working with Oracle to assess and rectify system issues and improve our ability to identify when functionality will be available.
Product Content	Cover Oregon concurs that Oracle did not meet its commitments to the Cover Oregon Board. Cover Oregon is now working with top Oracle technical leadership and the Oracle CEO is now being apprised daily to ensure that no more slippage occurs. The "public website" created by Deloitte provides individual users with a tool to estimate individual tax credit eligibility, anonymous browse capability, and agent/community partner search. Cover Oregon concurs that it has been useful for consumers interested in determining what they might be eligible to receive.
Testing	Cover Oregon has directed Oracle to produce more targeted releases that focus on specific areas on functionality, and that reflect Cover Oregon's production release plan. This has allowed the test team to focus testing more effectively to ensure solid coverage on each release to the test environment, and to plan more rigorous regression testing. Development work has been moved to a more stable environment, which has allowed the developers to carry out more effective unit testing, which has improved the quality of the code entering the test environment. A pre-production environment will come on line in November, and will be used for regression testing. A performance test environment is now in place, and performance test planning is in progress, now that the enough functionality has been delivered to make performance testing meaningful.

SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

	Probable/eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
	Possible/unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT			
		Low	Med	High
	High	MED		
	Med		MED	
	Low			MED

Attachment A: Oracle Root Cause Analysis


Oracle Root Cause Analysis


CR 1392



Oregon Health Insurance Exchange Corporation (ORHIX) / Cover Oregon (CO) Monthly Quality Status Report

November 2013

Deliverable #2.1.K

FINAL

Dated: Dec 17, 2013

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SECTION 1: Introduction

Cover Oregon (CO) recognizes the value of an independent, third-party formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

1. **Initial Risk Assessment** - identification of initial risks facing CO
2. **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
3. **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of November, 2013. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.

SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. In other words, progress in some areas since last month is offset by the fact that there is one less month until the federally mandated deadlines. Additionally, each rating category will carry a different relative weight when assessing the overall risk level of the effort. For example, while half of the Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule" remain high (red), which drives the overall high (red) risk assessment.

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally, including a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is evolving rapidly and was dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of November, including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO has accepted over 50K paper applications.
- The organization has and continues to demonstrate flexibility and creativity in dealing with this complex system delivery.
- CO went to a 7x24 operation on the production systems.
- CO continues to stabilize the production system.
- CO has brought on an addition 400 workers to process paper applications.
- CO has work with OHA to increase their fax capacity by 10 fold. They now have 120 fax channels. These channels are continually monitored by OHA and CO.

The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the

underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

Table 1: Summary Quality Standards Scorecard

Quality Rating Category	*QA Risk Level*	*Priority QA Finding and Recommendations*	*CO Risk Level*	*CO Response*
OVERALL HEALTH	[redacted]	• See below for specific priority recommendations. • Continue to review, update, and track all outstanding quality risks and recommendations.	[redacted]	• Cover Oregon agrees that overall health remains High Risk as Cover Oregon worked through the month to bring up key functionality, hire and train workers, and manually process eligibility determinations.
Business Mission and Goals		• CO has been accepting and processing paper applications. Approximately 50k applications have been delivered to the State by the end of Nov. CO is capable of enrolling applicants with insurance carriers when applicants plan selection is completed.		• Cover Oregon has continued to focus on the core goal of enrolling people, utilizing paper processing while the electronic system is finalized and tested. Resources were brought in by OHA and Cover Oregon to support this process.
Roadmap	***Med***	• MAXIMUS expects that the short term roadmap to continue to change as issues arise with the Oracle system and Oracle's ability to deliver against the current set of requirements. • The short term focus on increasing the stability, capacity and efficiency of the manual process.	***Med***	• This month Cover Oregon focused system releases and improvements to functionality on changes that impacted customer service and community partner/agent access. • CO is identifying releases related to high priority functionality for the remainder of 2013 and into 2014 Scope for each release will be finalized in December.
Scope	[redacted]	• It is likely that scope will continue to be trimmed if issues arise with the current plan or if development (Oracle) continues to under deliver. • Each time Oracle misses the target dates by a significant margin, CO is left with very difficult choices and will often result in further adjustments to plans, releases, further scope	[redacted]	• Cover Oregon has directed Oracle to focus on technical releases that support prioritized functionality: manual processing first and then more generally the eligibility and enrollment process for Customer Service and Agents, Community Partners.

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		reduction, etc. These actions by CO further exacerbate the Oracle development and target dates.		• Other functionality outside of the priority areas will be conducted as the system is stabilized and core functionality is complete.
Schedule		• Oracle's ability to release system environments continues to be problematic. This has a significant impact on the schedule. • The environments that are released are not of the same configuration, which makes it difficult to promote the code from one environment to another which causes significant delay in the process. • Oracle's ability to properly estimate the work for any release is significantly lacking - this continues to affect the schedule and CO's ability to communicate firm dates to the public.		• Cover Oregon has engaged the most senior Oracle leadership to address the release of new environments and functionality. Key Oracle leadership has come to the Cover Oregon office to work with the business and ensure Oracle staff is following through.
Budget	***Med***	• CO is holding up payment to Oracle, this started. It is unclear when and under what conditions this money will be released. • It is recommended that CO clearly articulate under which conditions payment will be released. Preferably this would be accomplished via a formal contract amendment. • The IT component of the CO budget, year to date (as of Sept), has overspent by approximately $13.8 million. The budgeted amount was $57 million and the actual amount is $67 million.	***Med***	• Cover Oregon is monitoring expenditure vs available funds. Additional funding needs are being assessed. Some adjustments and transitions across the fall will be required to sustain through 2014. • Cover Oregon is in discussion with Oracle with regard to delivery and payment issues and is evaluating when and under what circumstances payment will be released.
Funding	***Med***	• It is recommended that CO work with CMS to determine if there are other opportunities for IT funding in the short term based on the overspending and prolonged development. • CO has secured $226 million in Level 2 funding for the Exchange. • The amount remaining on the level 2 grant as of Sept is approximately $140 million.	***Med***	• Cover Oregon has been investigating funding opportunities with federal partners and is identifying ways to respond to the IT spending rate without adversely impacting other areas of the organization.

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Board Governance	[redacted]	• The CO Director, Rocky King, has taken a 12 week medical leave. A Board member, Dr. Bruce Goldberg is interim Director during his absence. • The CO Board meets on a regular basis and receives updates from the interim Executive Director and his staff on salient business, IT and stakeholder topics.	[redacted]	• Cover Oregon concurs.
Inter-Org Coordination	***Med***	• Dr. Goldberg has tasked Linda Hammond from OHA to lend her assistance and resources to help with the processing of paper applications. She has added an additional 100 personnel from OPAR to assist in the short term. • Cover Oregon and OHA/DHS have been working together reasonable well. As issues arise the business units' work together to find a reasonable solution.	***Med***	• Prior to October 1, Cover Oregon and OHA jointly created the paper application and a process for receiving and processing paper applications. Since October 1, the two organizations have worked together to implement the manual process and refining it to be able to process a large volume of paper applications. • Manual enrollment is current OHA practice, making it consistent with the process for which relevant OHA staff is already trained and capable of doing.
Org Management	[redacted]	• Linda Hammond is assisting CO in marshalling additional state resources to help with the paper processing. • The level of effort mentioned above, shows the tremendous flexibility of the organization, however, this flexibility and effort takes its toll on the line staff and can't be expected during each software release.	[redacted]	• Cover Oregon and OHA are working well together to respond to challenges. • Both Cover Oregon and OHA have brought on additional resources to process paper applications and facilitate enrollments. The growth and onboarding are being managed well. • Cover Oregon is making efforts to ensure that staff is able to meet organizational needs without depleting individuals' personal resources.
Human	[redacted]	• There continues to be examples of staff exhibiting	[redacted]	• November was a high stress month for the

Resources	[redacted]	signs of extreme stress. This stress is rooted in being overworked, doing work beyond their skillsets, individual stress tolerances, and/or different levels of commitment or expectations between staff and vendors. Extra care should be taken by executive management to monitor for signs of stress and intervene to ensure personnel health and organizational morale during this period. • CO should consider adding consultants/staff to backup and/or augment staff based on the reasons above. • CO should consider identifying people that have benefitted by receiving insurance coverage and seeing if they will come and speak to the CO staff. These types of interactions give the work the staff are doing a human face and can improve morale.	[redacted]	organization. • Cover Oregon has brought on additional resources to respond to the manual eligibility and enrollment work load • Staff and the Executive team are invested in keeping morale up across the organization. Planning is underway to provide relief to key staff as needed. Additionally, the staff is actively supporting one another in both formal and informal ways.
Stakeholder Management	***Med***	• Continued missed delivery dates by Oracle through the month of Nov continue to make stake holder management and issue. • It is recommended that when Oracle presents release dates, features, defect tolerances and user capacity to CO, CO should memorialize these items in formal "cure" letters.	***Med***	• Agents, community partners, carriers and others involved with Cover Oregon's work are being informed and consulted regularly. • Cover Oregon has been messaging its launch plan and providing updates to the Board, Legislature, state Administration and news media as things continue to evolve.
Communications	[redacted]	• Based on Oracle's inability to estimate work and meet system release dates, CO should consider developing an outbound communications strategy that acknowledges this situation. • Given the rapid releases and fixes in the Oracle system, it is a challenge to keep internal staff and external Community Partners and Agents current in the manual process updates. Oracle has implemented the	[redacted]	• The communications team has responded to stakeholder and media requests for up-to-date information related to functionality and releases. • Cover Oregon messaging is coordinated with OHA and involves administration feedback.

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		use of release notes, however, these notes need to be translated into business impact communication that is sent to both internal and external partners prior to release. • The internal communications department is spending a tremendous amount of time reacting to negative press and freedom of information request. While this is important, there a large number of positive personal stories of many applicants that could be told.		
Project Management		• Oracle's ability to deliver environments that are in synch with each other and in a timely manner continues to be an issue that affects development and release operations on a daily basis. • Schedule slippage will most likely continue until Oracle deploys a deeply experienced, engineering manager to create and monitor all of the development, release and performance processes. • The JIRA tracking and promotion processes are changing and need to be formally documented and communicated to internal staff. This will increase efficiency and reliability of the process. • CO and Oracle are focused on completing the back office component of the system to wring out as much efficiency as possible to maximize the manual operations. • Development and release processes continue to be opaque. CO should consider formalizing the request for these processes in a "cure" letter.		• Cover Oregon concurs with the MAXIMUS assessment. Based on its own review, Cover Oregon has insisted to the most senior Oracle managers that they rectify these issues, and has been directly enforcing that development processes meet industry standard best practices. • Cover Oregon concurs with MAXIMUS's assessment and has demanded that Oracle improve code quality and development discipline. • Cover Oregon is actively exploring its options for additional actions. The organization has received a Department of Justice opinion regarding beginning significant management communications with Oracle. • Q4 production releases were rescheduled to prioritize functionality that supports the processing of paper applications and allows agents/community partners to help people apply and enroll electronically. Cover Oregon is prepared to

				adjust releases based on test results. • Cover Oregon has directed Oracle to retain the most experienced Siebel developers and augment with high-level, highly experienced developers and architects. • Cover Oregon is working with Oracle to assess and rectify system issues and improve our ability to identify when functionality will be available.
Contract Management		• Oracle's performance is clearly lacking. Their inability to adhere to industry standards and professional software and project management tenants warrants further review. CO should consider the use of "cure" letters and/or a renegotiation of the contract to better enforce a higher level of quality. • Oracle continues to post dates for specific deliveries and consistently miss delivery targets.		• Cover Oregon is considering its options for managing the Oracle performance issues, including contractual remedies.
Product Content		• CO and QA have requested since Oct the Web Center code from Oracle. Oracle has continued to ignore this request. It is recommended that CO initiate a "cure" letter to acquire this information. • The Oracle system still has limited system access for community partners and agents (CP/A) only. The CP/A now have the additional functionality to determine eligibility in the system. • CO had commissioned Deloitte to create a feature in their portal to enable online enrollment once the applicant receives the eligibility packet from CO. This is done by referencing a specific number on the eligibility packet that ties the two system processes together.		• Cover Oregon is actively exploring its options for getting needed information and ensuring contractors are active partners in our work. • Starting in November, agents and community partners can help consumers determine eligibility online. Deloitte will deliver a fillable form in January, which will improve individuals' ability to submit fully complete applications.
Testing		• The Oracle "A" team has been testing the performance environment for over 4 weeks. Their goals, strategy and		• Oracle's performance testing is not being sufficiently communicated to Cover Oregon. System stability has improved but Cover Oregon efforts to

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	[redacted]	progress are not being measured. It is unclear what value they are adding post cleanup of obvious issues in the system. Their work is opaque to CO and QA. • The performance testing strategy and the results (reports) are not being communicated to CO and QA. • Performance testing by Oracle is dependent on a stable release of some portion of the system.	[redacted]	gain clarity about the progress on performance have not led to additional information from Oracle. • In December, Oracle and Cover Oregon worked on performance-related releases. • Cover Oregon directed Oracle to produce targeted releases focusing on functionality that reflects Cover Oregon's eligibility and enrollment priorities. This allows the test team to test more effectively, with solid coverage on each test environment release and more rigorous regression testing. • More rigorous release management procedures have resulted in more stable and targeted releases of code to the test environments. New releases follow a defined path from the UDev environment to Functional Test to Pre-Production and finally to production. While there are still issues in deployment of code to environments, the frequency of these issues has decreased as Oracle continues to improve the deployment process.

Table 2: QA Risk Level Tracking

Quality Rating Category	Feb '13	Mar '13	Apr '13	May '13	June '13	July '13	Aug '13	Sept '13	Oct '13	Nov '13
OVERALL HEALTH										
Business Mission and Goals	M	M						M		
Roadmap	M	M	M	M	M	M	M	M	M	M
Scope										
Schedule										
Budget	M	M	M	M	M	M	M	M	M	M
Funding										M
Board Governance										
Inter-Org Coordination								M	M	M
Organizational Management										
Human Resources	M	M	M	M	M	M	M	M		
Stakeholder Management								M	M	M
Communication			M	M	M	M	M	M	M	
Project Management	M	M								
Contract Management	M	M						M	M	
Product Content										
Testing										

SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of November, 2013.

Section 4: Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. For ease of readability, the unique numbering has been reset for both risks and recommendations, to assist in tracking. The integrity of the numbering will be preserved during future reports.

Table 3: Detailed Quality Standards Scorecard

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Quality Rating Category	*Oct 2013*	*Nov 2013*	*Risk Assessment Finding, Risks, and Recommendations*
Business Mission and Goals (BMG)			
			Findings During Period: • CO has been accepting and processing paper applications. Approximately 50k applications have been delivered to the State as of the end of Nov. To get individuals enrolled for the Jan 1st, 2014 deadline applications need to be delivered and complete by the 4th of December. • The Exchanged was launched to only Agents and Community Partners using a combination of the Deloitte built website and the Oracle system. The Deloitte website is housed using Amazon's cloud service. This site will enable public users, Agents and Community Partners to enter in their information to determine tax credits, browse plans and review plan information and costs. This information can be utilized to fill out paper applications via a PDF form. • The Oracle system was released to only Agents and Community Partners and has increased to do some eligibility determination. Additional functionality is intended to be available in future releases. Each subsequent release will most likely go into production with known defects and manual workarounds. • The system is now operational 24x7 for all CSR and CP/As. ***Risks:*** **1.** Without clear understanding, communication and alignment of the deadlines and contingency plans for each Oracle system release between the business units (CO, OHA) procedures for application processing may be incomplete or out of synch. **2.** Without a detailed system release plan, coordination of IT, OPS and Marketing and training may not be in full alignment for each subsequent release. **3.** Launching the Oracle system with known defects may result in a bad user experience which could affect the CO brand long term. ***Recommendations*:** 1. Ensure that each Oracle release is tested and defects are well documented. These defects, if accepted by CO, will drive workaround and contingency plans.CO should ensure these are all well documented and communicated to internal staff. In addition, this information will drive the training

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			for the CP/A on each release and CO should ensure that training and materials are available to the CP/A prior to releasing the Oracle software to production. **2.** Continue to refine the feature roadmap and ensure that it is connected with the business strategy, marketing, training and communications as well as OHA/DHS.
Roadmap (RM)	***Med***	***Med***	
			Findings During Period: • MAXIMUS expects that the short term roadmap to be focused on supporting the CSR and CPA functionality. • Additional scope may need to be deferred as a more detailed level of effort is provided and Oracle's ability to deliver. • Releases of the system will be implemented throughout the fall/winter of 2013/2014. ***Risks:*** **1.** Without a clear, comprehensive, and authoritative description of the Exchange roadmap, the project will likely continue to have incomplete data for future budgeting and unclear project priorities. **2.** Without a roadmap projection beyond 2013 will be difficult to do development budget projections for future grants and operations and development. **3.** Without a process for determining the roadmap priorities it will be difficult to determine what features will have the highest impact of CO target metrics. **4.** The inability of Oracle to deliver previous roadmaps makes it difficult to expect them to deliver against the new fall roadmap. ***Recommendations:*** **1.** Oracle and CO should create integrated prioritized roadmap to communicate with the CO staff, CO Board of Directors, and other stakeholders how the CO metrics will be achieved. **2.** The process for developing the roadmap(s) should be documented so that it can be evaluated by stakeholders prior to getting deep into the process. Also, all underlying assumptions should be articulated in the process so they can be agreed upon by executive management. **3.** Finalize the near term functional roadmap, including a high-level schedule of required functionality, and prioritized features.

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Scope (SCP)	[redacted]		
			Findings During Period: • It is likely that scope will continue to be trimmed if issues arise with the current plan or if development (Oracle) continues to under deliver. • Each time Oracle misses the target dates by a significant margin, CO is left with very difficult choices and will often result in further adjustments to plans, releases, further scope reduction, etc. These actions by CO further exacerbate the Oracle development and target dates. • CO and Oracle are focusing on ensuring that the manual processes are well supported. • CO has deferred a piece of the Medicaid interface into the OHA MMIS system until TBD. • Currently, a cross functional view of the Product Development Lifecycle (PDLC) does not exist and clear connections between development, operations, marketing and communications are lacking. ***Risks:*** **1.** Lack of discipline and control of the change management process will result in incomplete build documentation, testing errors and schedule slips. **2.** Without a tight linkage between development, business, marketing, and communications the current launch strategy with the current scope will be difficult to manage after launch. **3.** The inability of Oracle to deliver previous roadmaps makes it difficult to believe they will deliver on time in the future. ***Recommendations:*** **1.** CO should ensure that the manual paper application process is fully supported by development prior to any future work being done. **2.** Smaller, more attainable releases by Oracle may help resolve the missed release/de-scoping cycle that is common. **3.** Define and implement clear project management processes and controls for maintaining the CO WBS, including "rolling wave" elaboration of near-term work. **4.** Continue to integrate the use of the Schedule (and underlying WBS) into the day-to-day management and planning of the project especially for future product releases. This will ensure that these documents are useful and accurate.

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Schedule (SCH)	[redacted]		
			Findings During Period: • Oracle's ability to release system environments continues to be problematic. This has a significant impact on the schedule. • The environments that are released are not of the same configuration, which makes it difficult to promote the code from one environment to another which causes significant delay in the process. • Oracle's ability to properly estimate the work for any release is significantly lacking - this continues to affect the schedule and CO's ability to communicate firm dates to the public. ***Risks:*** **1.** Without a clear understanding of how Oracle estimates the development work and their schedule, including the activities and tasks specifically assigned to CO, there is a risk that releases will continue to slip. **2.** Without clearly linked schedules between CO and Oracle development and Oracle On Demand services, the project will suffer from confusion and misaligned expectations and deadlines. ***Recommendations:*** **1.** Develop a single, comprehensive, base-lined schedule for all Oracle development, Oracle On Demand Services, Oracle Performance test and CO test work. **2.** Define and implement common project management processes and controls for maintaining the schedule across Oracle and CO, including "rolling wave" elaboration of near-term activities, base-lining, variance tracking, resource loading and common reporting of project progress and status. **3.** Given the difficulty in estimating the development with Oracle and delivery Oracle environments, CO should embed sufficient slack in its schedule (on the order of 50+ percent). CO should continue to monitor the IT delivery deviations. These deviations should be reported to CO Executive staff in the weekly or monthly reports by CO CIO.
Budget (BGT)	***Med***	***Med***	

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			Findings During Period: • CO is holding up payment to Oracle, this started ~Oct 2013. It is unsure when and under what conditions this money will be released. • The IT component of the CO budget, year to date (Sept), is spending too quickly by approximately $13.8 million. The budgeted amount was $57 million and the actual amount is $67 million. • Significantly increasing Oracle development and testing staff to complete the first release will have an overall impact on the budget. ***Risks:*** **1.** Payment to Oracle cannot be held up indefinitely. **2.** The lack of fully elaborated, integrated and baselined WBS and schedule raises the risk that the project scope, schedule, and therefore costs are not clearly understood. As a result, the budget is most likely inaccurate. **3.** The addition of unplanned development resources to achieve the outstanding scope will increase costs in the budget in the short term. **4.** The addition of the Deloitte public website to compensate for the lack of delivery by Oracle will increase project IT costs. ***Recommendations***: **1.** It is recommended that CO clearly articulate under which conditions payment will be released. Preferably this would be accomplished via a contract amendment. **2.** Document and implement a budgeting process for CO. This process should include the tracking of assumptions and dependencies. This budget should have significant reserve for unbudgeted items given the organization and the system is new. **3.** Update the budget projections for CO. Ensure the budget projections are aligned with the roadmap items that will be established. **4.** With the addition of Oracle resources to complete the development and testing of the Exchange a budget reevaluation should be conducted to determine the budget impact of this decision.
Funding (FND)	[redacted]	***Med***	
			Findings During Period: • CO has received $226 million in Level 2 funding. Approximately $90 million is for IT of which $67 million has been spent. • The amount remaining on the level 2 grant as of Sept is approximately $149 million. • CO expects that additional funding opportunities will be available in 2014 by CMS.

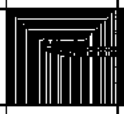
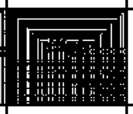
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			Risks: **1.** The increased rate of IT spending will most likely reduce spending in some other critical area of CO. ***Recommendations:*** **1.** It is recommended that CO work with CMS to determine if there are other opportunities for IT funding in the short term.
Board Governance (BG)			
			Findings During Period: • The CO Director, Rocky King, has taken a 12 week medical leave. A Board member, Dr. Bruce Goldberg is interim Director during his absence. • The CO Board meets on a regular basis and receives updates from Executive Director and his staff on the salient business, IT and stakeholder of topics. • The CO Executive Director continues to convey the challenges of the IT system launch to the board members at the monthly board meetings. ***Risks:*** **1.** None ***Recommendations:*** **1.** None
Inter-Org Coordination (IOC)	***Med***	***Med***	
			Findings During Period: • Dr. Goldberg has tasked Linda Hammond from OHA to lend her assistance and resources to help with the processing of paper applications. She has added an additional 100 personnel from OPAR to assist in the short term. • Cover Oregon and OHA/DHS business/policy analysts have been working together reasonable

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			well. As issues arise the business units work together to find a reasonable solution. • CO Customer Service and OHA 5503 have worked well in creating a manual paper application and processing. They have also worked well in flexing the capacity of the process to handle the volume of paper and fax applications. ***Risks:*** **1.** Without proper coordination among OHA/DHS and CO policy and business operations it will put CO in a difficult position with respect to planning the completion the MMIS and CO interfaces for automated Medicaid Eligibility and Enrollment. **2.** Without proper coordination among OHA/DHS and CO policy and business operations paper processing of Medicaid and APTC applications have difficulties. ***Recommendations***: **1.** The work with OHA Business and technology will need to mature and will probably span over multiple system releases. With this understanding CO should consider crafting a long-term strategy i.e., roadmap that demonstrates short term as well as long term goals and objectives with respect to the interfaces into MMIS.
Organizational Management (OM)	[redacted]		
			Findings During Period: • Linda Hammond is assisting CO in marshaling additional state resources to help with the paper processing. • The level of effort mentioned above, shows the tremendous flexibility of the organization, however, this flexibility and effort takes its toll on the line staff and can't be expected during each software release. • The Organization is growing at a rapid pace and seems to be adapting and managing the growth well. ***Risks:*** **1.** Dependence on key individuals to compensate for lack of system delivery will produce burnout, stress conditions, turnover and/or negative morale. ***Recommendations***:

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			1. CO should set realistic goals with respect to system deliveries and if these goals are not met the dates should be reset to a reasonable manual processing date and goal so that personnel and external stakeholders can adapt. **2.** Continue to identify key internal operational processes and assign these processes to the specific executive management for development. **3.** Continue to refine and update the CO organizational chart, including detailed roles, responsibilities, expectations, and authorities.
Human Resources (HR)			
			Findings During Period: • There continues to be examples of staff exhibiting signs of extreme stress. This stress is rooted in being overworked, doing work beyond their skillsets, individual stress tolerances, and/or different levels of commitment or expectations between staff and vendors. Extra care should be taken by executive management to monitor for signs of stress and intervene to ensure personnel health and organizational morale during this period. • CO should consider adding consultants/staff to backup and/or augment staff based on the reasons above. • Releasing a system that has known defects will increase the load on the Customer Service Reps (CSRs). Management should specifically monitor these groups for signs of stress. ***Risks:*** **1.** The dynamic nature and fast organizational growth of CO may create significant staff stress and frustration. Communication and HR support systems will be taxed. **2.** Staff with gaps in their skill sets can create schedule delays, rework and/or incorrect planning and execution for the organization. **3.** Over worked/stressed employees or contractors will tend to make simple mistakes which can result in rework or issues with clients. **4.** Health of stressed or overworked individuals can result in loss of key individuals on the project. ***Recommendations:*** 1. CO should consider identifying people that have benefitted by receiving insurance coverage and seeing if they will come and speak to the CO staff. These types of interactions give the work the staff are doing a human face and can improve morale. 2. CO should consider hiring additional technical staff to monitor/augment Oracle staff. The current

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			CO staff are either too sparse or not do not have sufficient skill level to handle the complex development and release environment. **3.** Continue to support team building and informal support structures for staff. **4.** Have an independent review of the IT organization to determine if new roles and personnel are needed based on the change in architecture, and the more complex development and release processes. **5.** HR should conduct spot reviews/interviews and or skip level interviews with personnel to monitor morale and health issues with personnel including contractors.
Stakeholder Management (SM)	***Med***	***Med***	
			Findings During Period: • Continued missed delivery dates by Oracle through the month of Nov continue to make stake holder management and issue. • Releasing a system that is unreliable/not stable will frustrate users and may negatively affect the CO brand. ***Risks:*** **1.** Lack of proactive communication with Exchange stakeholders may limit early participation and/or public confidence. **2.** Establishing and communicating system release dates and not meeting the dates will result in credibility issues with both internal and external stakeholders. **3.** If the Exchange does not manage stakeholder expectations in a consistent manner then CO's management credibility may suffer. ***Recommendations***: **1.** It is recommended that when release dates are to be provided to key stakeholders that Oracle executive management be present. It is recommended that Oracle executive management present the dates, features, thresholds and capacity information, i.e., number of user that the system is tested to accommodate. **2.** It is recommended that CO resist releasing a system that does not meet the threshold set for defects and/or the capacity. **3.** It is recommended that when Oracle present release dates they believe they can make and CO accepts these dates, that CO should memorialize these dates, features, defect tolerance and capacity in "cure" letters.

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Communications (COMM)	***Med***	[redacted]	***Findings During Period:*** • Given the rapid releases and fixes in the Oracle system, it is a challenge to keep internal staff and external Community Partners and Agents current in the manual process updates. Oracle has implemented the use of release notes, however, these notes need to be translated into business impact communication that is sent to both internal and external partners prior to release. • The internal communications department is spending a tremendous amount of time reacting to negative press and freedom of information requests. While this is important, there a large number of positive personal stories of many applicants that could be told. • MAXIMUS expects that additional changes/fixes may occur as system releases are launched throughout the fall/winter. CO needs to ensure that procedures are in place to retrain CP/A's, CSR's and OHA personnel prior to the release of incremental features. • Based on Oracle's inability to estimate work and meet system release dates, CO should consider developing an outbound communications strategy that acknowledges this situation. ***Risks:*** **1.** If the Exchange does not communicate its functions in a consistent manner then confusion and frustration may result for entities that need to oversee, interface with, purchase or supply services to the Exchange. **2.** If the Exchange does not communicate its functions in a consistent manner then CO's management credibility may suffer. **3.** If the outbound communications team is overloaded in negative press and freedom of information act request then it will be a challenge for them to present the positive messages to the public that the staff are hearing on a day-to-day basis. ***Recommendations:*** **1.** It is recommended that the internal marketing function of CO work with the IT, SME's and executive management to identify areas where specialized outbound high level communications need to take place. **2.** It is recommended that the Marketing organization establish consistent messaging for the organization that reflects Oracles inability to deliver a stable system, on time and with the appropriate features.

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			3. CO should consider having at least one marketing/communications person focus on the people that have been benefitted by receiving insurance for the first time in many years.
Project Management (PM)	[redacted]		
			Findings During Period: • Oracle's ability to deliver environments that are in synch with each other and in a timely manner continues to be an issue that affects development and release operations on a daily basis. • Schedule slippage will most likely continue until Oracle has a deeply experienced, engineering manager to create and monitor all of the development, release and performance testing processes. • The JIRA tracking and promotion processes are changing and need to be formally documented and communicated to internal staff. This will increase efficiency and reliability of the process. • Development and release processes continue to be opaque. CO should consider formalizing the request for these processes in a "cure" letter. • Without sufficient slack in the schedule (based on past variance) the plan for the future features is optimistic. ***Risks:*** **1.** An undocumented development and release process makes it challenging to analyze the processes for efficiency, quality and reliability. **2.** Lack of environments will require CO to make difficult decisions on release processes, none of which are desirable. **3.** Too many developers accessing and troubleshooting "bad code" will result in more instability and potentially more bad code. **4.** A production release management process that is incomplete or not well planned can cause credibility issues with the public if features or fixes appear without proper communication. ***Recommendations:*** **1.** It is recommended that CO have Oracle define the delivery schedule for the remaining environments and memorialize the schedule using a "cure" letter. **2.** It is recommended that CO have Oracle document their parallel software development and release process to ensure it is aligned with an operational environment. This is important as the organization transitions from a pure development environment to an operational environment. **3.** It is recommended that Oracle outline how they intend to improve the quality of their code. CO should request a formal code review by Oracle QA.

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			4. CO should consider reducing the amount of Oracle developers in the Siebel component of the solution. This product in particular, does not lend itself to parallel development and the amount of programmers are most likely creating more problems by lack of proper coordination and ad hoc practices.
Contract Management (CM)	***Med***		
			Findings During Period: • MAXIMUS understands that payment to Oracle is being withheld and legal is being consulted on how to best manage the lack of performance by Oracle. • Oracle's performance is lacking. Their inability to adhere to industry standards and professional software and project management tenants warrants further review. • Oracle continues to post dates for specific deliveries and consistently miss delivery targets, a clear example is that of environment delivery. ***Risks:*** **1.** In general, agreements that allow contractor's to bill for hours worked, instead of fixed priced payments for satisfactory completion of specific deliverables, leave the onus on CO to verify that the hours were worked and sufficient value was created by the contractors, according to their individual agreements. It may also be difficult to prove or justify the commensurate expenditures. **2.** Without a clear tie between contractor work and the project WBS or schedule, effective management of contractor effort and billings will be difficult. **3.** Oracle's ability to perform is an issue on the project. ***Recommendations:*** **1.** Conduct an independent assessment of all contractor activities and proposed deliverables. Identify opportunities to convert contractor payment method to state approval of specific contractor fixed-priced deliverables. Renegotiate agreements, as appropriate. **2.** Define specific roles and responsibilities for contractors. Clearly assign work, as defined in the WBS and schedule, to specific contractor staff. Use this information to update the CO staffing plan, as appropriate. **3.** Clearly tie contractor work to the project WBS or schedule. Track progress (% complete) accordingly.

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			4. CO Management should clearly get formal assertion from Oracle in the form of a "cure" letter or contract amendment for specific releases dates, functionality and quality moving forward.
Product Content (PC)	[redacted]		
			Findings During Period: • CO and QA have requested since Oct the Web Center code from Oracle. Oracle has continued to ignore this request. It is recommended that CO initiate a "cure" letter to acquire this information. • The Oracle system still has limited system access for community partners and agents (CP/A) only. The CP/A now have the additional functionality to determine eligibility in the system. • CO had commissioned Deloitte to create a feature in their portal to enable online enrollment once the applicant receives the eligibility packet from CO. This is done by referencing a specific number on the eligibility packet that ties the two system processes together. ***Risks:*** ***1.*** If CO does not receive the Web Center code from Oracle it will send a clear message that Oracle can ignore CO requests, it will also leave CO in a position of not knowing how bad the code is and it will not be able to plan properly. ***Recommendations***: **1.** CO should consider sending a "cure" letter to receive the Web Center code from Oracle. **2.** A complete and accurate record of all iteration use case work packages and Oracle functional and technical design documents and Corporation testing documents should be organized and kept as a complete package in the Dropbox. Understanding the amount of customization of the current implementation will be critical for CO as future needs are established. **3.** CO should consider reducing the amount of developers in the system by further scope deferment. In addition, CO should review Oracle's development resources and their workload to ensure they are working only on the current feature set.
Testing (TST)	[redacted]		
			Findings During Period: • The Oracle "A" team has been testing the performance environment for over 4 weeks. Their goals, strategy and progress are not being measured. It is unclear what value they are adding post cleanup of obvious issues in the system. Their work is opaque to CO and QA. • The performance testing strategy and the results (reports) are not being communicated to CO and

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			QA. • Performance testing by Oracle is dependent on a stable release of some portion of the system. • Oracle SIT testers do not have a full grasp of the desired functionality of the system, therefor their testing quality is insufficient. ***Risks:*** **1.** Lack of reporting from the Oracle "A" team on their progress makes it impossible to determine their progress. **2.** Lack of performance testing on the production environment may result in the production environment not being able to handle the load of the system when launched to the public. **3.** Lack of a dedicated test environment will limit the exposure of the BA's and SME's with the product that is being developed. It is very important that SME's have ample time to play with the design so they may be able to refine the design as necessary. ***Recommendations***: **1.** Have the Oracle "A" team report out in the daily tech synch meetings. **2.** Ensure that the code delivered from development has been properly documented and that release notes are delivered with each release as it is delivered to the testing teams.

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SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	Cover Oregon agrees that overall health remains High Risk as Cover Oregon worked through the month to bring up key IT functionality, hire and train workers, and manually process eligibility determinations.
Business Mission and Goals	Cover Oregon has continued to focus on the core goal of enrolling people, utilizing paper processing while the electronic system is finalized and tested. Resources were brought in by OHA and Cover Oregon to support this process.
Roadmap	Cover Oregon has prioritized system releases and improvements that support paper processing and allow Customer Service and Community Partners/Agents to help consumers get eligibility determinations and enrollments. CO will continue to prioritize releases related to eligibility and enrollment related functionality for the remainder of 2013 and into 2014. Scope for each release will be finalized in December.
Scope	Cover Oregon has directed Oracle to focus on technical releases that support prioritized functionality: manual processing first and IT support for eligibility and enrollment process for Customer Service, Agents and Community Partners. Other functionality outside of the priority areas will be conducted as the system is stabilized and core functionality is complete.
Schedule	Cover Oregon has engaged the most senior Oracle leadership to address the release of new environments and functionality. Key Oracle leadership has come to the Cover Oregon office to work with the business and ensure Oracle staff are following through.
Budget	Cover Oregon is monitoring expenditures vs available funds. Additional funding needs are being assessed. Some adjustments and transitions across the fall will be required to sustain through 2014. Cover Oregon is in discussion with Oracle with regard to delivery and payment issues and is evaluating when and under what circumstances payment will be released.
Funding	Cover Oregon has been investigating funding opportunities with federal partners and is identifying ways to respond to the IT spending rate without adversely impacting other areas of the organization.

Board Governance	Cover Oregon concurs with the Board Governance findings and continues to keep the board informed and engaged.
Inter-Org Coordination	Prior to October 1, Cover Oregon and OHA jointly created the paper application and a process for receiving and processing paper applications. Since October 1, the two organizations have worked together to implement the manual process and refining it to be able to process a large volume of paper applications. Manual enrollment is current OHA practice, making it consistent with the process for which relevant OHA staff is already trained and capable of doing.
Organizational Management	Cover Oregon and OHA are working well together to respond to challenges. Both Cover Oregon and OHA have brought on additional resources to process paper applications and facilitate enrollments. The growth and onboarding are being managed well. Cover Oregon is making efforts to ensure that staff is able to meet organizational needs without depleting individuals' personal resources.
Human Resources	November was a high stress month for the organization. Cover Oregon has brought on additional resources to respond to the manual eligibility and enrollment work load Staff and the Executive team are invested in keeping morale up across the organization. Planning is underway to provide relief to key staff as needed. Additionally, the staff is actively supporting one another in both formal and informal ways.
Stakeholder Management	Agents, community partners, carriers and others involved with Cover Oregon's work are being informed and consulted regularly. Cover Oregon has been messaging its launch plan and providing updates to the Board, Legislature, state Administration and news media as things continue to evolve.
Communication	The communications team has responded to stakeholder and media requests for up-to-date information related to functionality and releases. Cover Oregon messaging is coordinated with OHA and involves administration feedback.
Project Management	Cover Oregon concurs with the MAXIMUS assessment. Based on its own review, Cover Oregon has insisted to the most senior Oracle managers that they rectify these issues, and has been directly enforcing that development processes meet industry standard best practices. Cover Oregon concurs with MAXIMUS's assessment and has demanded that Oracle improve code quality and development discipline. Cover Oregon is actively exploring its options for additional actions. The organization has received a Department of Justice opinion regarding beginning significant management communications with Oracle. Q4 production releases were rescheduled to prioritize functionality that supports the processing of paper applications and allows agents/community partners to help people apply and enroll electronically. Cover Oregon is prepared to adjust releases based on test results.

	Cover Oregon has directed Oracle to retain the most experienced Siebel developers and augment with high-level, highly experienced developers and architects.
Contract Management	Cover Oregon is working with Oracle to assess and rectify system issues and improve our ability to identify when functionality will be available. Cover Oregon is considering its options for managing the Oracle performance issues, including contractual remedies.
Product Content	Cover Oregon is actively exploring its options for getting needed information and ensuring contractors are active partners in our work Starting in November, agents and community partners can help consumers determine eligibility online. Deloitte will deliver a fillable form in January, which will improve individuals' ability to submit fully complete applications.
Testing	Oracle's performance testing is not being communicated. System stability has improved but Cover Oregon efforts to gain clarity about the progress on performance have not led to additional information from Oracle. In December, Oracle and Cover Oregon worked on performance-related releases. Cover Oregon has directed Oracle to produce targeted releases focusing on functionality that reflects Cover Oregon's eligibility and enrollment priorities. The test team can then test more effectively, ensuring solid coverage on each test environment release and supporting more rigorous regression testing. More rigorous release management procedures have resulted in more stable and targeted releases of code to the test environments. New releases follow a defined path from the UDev environment to Functional Test to Pre-Production and finally to production. While there are still issues in deployment of code to environments, the frequency of these issues has decreased as Oracle continues to improve the deployment process. The Pre-Production environment came on-line in November, for use in regression testing. This has significantly improved testing quality. Testing targets the functionality being deployed and all new releases now undergo end-to-end regression testing in Pre-Production before deploying to Production. The Test Lead develops a test schedule for each release to ensure sufficient lead-time between the delivery of code from development and the scheduled delivery to Production. Pre–Production has been built to match Production as much as possible, so Cover Oregon has a higher level of confidence in the functioning of code promoted to Production. One of the key aims of the new "table" structure (staff focused on a functional area are co-located) is to facilitate knowledge transfer between staff – this will help the SIT team to develop a more complete understanding of the system functionality.

SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

	Probable/eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
	Possible/unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT			
		Low	Med	High
	High	MED		
	Med		MED	
	Low			MED

REEVES Liani * GOV

From: KING Rocky [redacted]
Sent: Tuesday, February 12, 2013 10:25 AM
To: KOLMER Sean P * GOV; FAUVER Amy
Cc: David Barenberg; BONETTO Mike * GOV
Subject: RE: Stand-Alone Pediatric Dental Benefit

For background to our 12:30 - you may want to review an email I wrote last night but did not send:

It is after 10 and I'm not supposed to be responding to emails this late, but.....

There **is** clarity on commitment - as I've said to all that will listen and in writing (Gootee, Kotek, Conger, Cummings, Dewey, the board, staff, Barney, Mike, etc) - I will make a decision on the specific time frame after we go live in October. Why? Simple - I don't know if I will need another 3 months, 6 months or 1 year to stabilize the system, de-bug it, and what the scheduled priorities are until we go live. That said, it will be accomplished prior to expanding to larger groups in 2016.

Let's be direct here - this project is full of risk, the time frames are nearly impossible and I'm not sure we can make the time frames as it now stands - our QA just gave a report to us stating they believe the IT side is 2 to 4 months behind (we disagree, but it is not an issue of being behind, just a disagreement on how much) - everyday we are reducing the scope of the project and I'm not about to take 3 weeks of scarce resources to retool/redesign the small group interface and shopping experience prior to going live - finally, I've asked OHA and Oracle to expand resources (people) and to have those resources in Oregon for additional hours (rather than working off site). I have offered our office space to both Oracle and OHA so that they may co-locate (Carolyn said "yes" and Karla is working on space plan - we already have about 50-60 working here with more to come). The point being that we have our backs against the wall as it relates to time and scope and I view part of my responsibility to reduce the noise for the staff - not add to it.

Dewey wants his IT people to meet with and our IT people - that's fine - I'll let Aaron and everyone know about it and they can call and set it up. That said, this is a decision related to risk and and scope - my decision, not the IT staff of either OHA, CO or ODS. I should point out that their IT people and our IT people have been meeting since August of last year, weekly, through December and are now in testing phase.

We are sending some info to our AG for their view from 1,000 feet - we also making a change to our RFA (Dental) that will allow a stand-alone dental benefit that includes pediatric to be offered in the small group market - but, it will result in double coverage (and coordination of benefits) and cost about 1.50-2.00 dollars per month per contract.

Below is some communications between Bob C and myself after a meeting he had with ODS - it sort of sums it up.

Rocky

It went ok. They weren't real pleased that I told them that the decision was yours, not the legislature's. Now that the funding is going directly from the feds to CoverOregon, there are limits

as to what the legislature can/should do when it comes to this type of thing. The ODS folks were nice, but felt that there were workarounds that could allow their need to be addressed. I told them that they needed to convince you, and that given the short timeframes and risks, that I didn't think it was likely that they could change your mind on adding yet one additional risk to the project. I also mentioned the fact that they hadn't made a case that the consequences for not fixing the problem were really, really bad. They didn't like the fact that you might not be able to fix the problem for up to two years. They knew you would, but they wanted a "sooner" solution, rather than a "later" solution.

We had a good discussion, but they didn't get what they wanted from me. They wanted me to tell you, the legislature, and anyone else who will listen that the problem isn't technical, and that it can be done if CoverOregon wanted to do so. I reminded them that nearly anything is possible technically, but that the issue was of timing and risk, and that I thought that you held all the cards. They mentioned that they'd talked to Rep Kotek and that she understood their problem. They may try to go to other legislators, but I told them that these efforts probably would have little impact on the final decision. I also mentioned that at last until I see more serious consequences, that would justify the added risk, that I would have to trust your, Aaron, and Carolyn's judgment on what can be done, or not within the federal deadlines.

They may go to the Board of Directors, but I let them know that if they chose that path, that there might be unintended consequences that were far worse than merely biting the bullet and living with the situation until CoverOregon can ultimately get the issue resolved. You escalate to a board at your own risk.

They did not tell me what their next step would be, but they definitely didn't leave feeling better about their chances.

Bob C.

From: *King Rocky* [redacted]
Sent: *Thursday, January 31, 2013 3:21 PM*
To: *Cummings Bob*
Subject: *RE: Info*
Sensitivity: *Confidential*

Hi Bob - checking in to see how the meeting went.

r

Rocky King | Executive Director | **Cover Oregon** [redacted]

From: KOLMER Sean P * GOV [redacted]
Sent: Monday, February 11, 2013 8:48 PM
To: Fauver Amy
Cc: David Barenberg; BONETTO Mike * GOV; King Rocky; GUTRIDGE Shevaun M * GOV
Subject: Re: Stand-Alone Pediatric Dental Benefit

Thx.

On Feb 11, 2013, at 8:21 PM, "Fauver Amy" [redacted] wrote:

> I've looped david onto this email.
>
> Sent from my iPhone
>
> On Feb 11, 2013, at 8:13 PM, "KOLMER Sean P * GOV" [redacted] wrote:
>
> > Can we connect tomorrow about where this is? Speakers office is trying to be helpful in keeping this off the table for legislators but needs clarity on commitments etc. lets try to get a quick phone call about this tomorrow so we can all be on the same page with Speakers office. Shevaun can work on some times and I don't have David's contact but important since sounds like he has been talking with legislators as well. Thx.
> >
> > Begin forwarded message:
> >
> > **From:** BONETTO Mike * GOV [redacted]
> > **Date:** December 20, 2012, 9:22:02 PM PST
> > **To:** SPEIGHT BARNEY H [redacted]
> > KOLMER Sean P * GOV [redacted]
> > **Subject: Fwd: Stand-Alone Pediatric Dental Benefit**
> >
> > Fyi....see attached letter from Kotek to Rocky.
> >
> > Also...Robin Richardson contacted me yesterday and asked for all of us (including Rocky) to meet right after the new year to discuss this.
> >
> > Sent from my iPad
> >
> > Begin forwarded message:
> >
> > **From:** King Rocky [redacted]
> > **Date:** December 20, 2012, 2:23:11 PM PST
> > **To:** BONETTO Mike * GOV
> > [redacted]

Subject: FW: Stand-Alone Pediatric Dental Benefit

I'll get a copy of our response when made.

r

Rocky King | Executive Director | **Cover Oregon** | 3414 [redacted]

From: Rep Kotek [redacted]
Sent: Thursday, December 20, 2012 2:13 PM
To: King Rocky
Subject: Stand-Alone Pediatric Dental Benefit

Dear Rocky,

Please find attached a letter regarding pediatric dental benefits in the exchange. I look forward to your response.

Best,
Tina

State Representative Tina Kotek

North/NE Portland, House District 44

<Pediatric Dental on Exchange letter to Rocky King 122012.pdf>
<LC Opinion (Stand-alone Pediatric Dental Plans).pdf>

REEVES Liani * GOV

From: KING Rocky [redacted]
Sent: Monday, June 03, 2013 5:06 PM
To: BONETTO Mike * GOV
Subject: FW: Critical Update

fyi - see below - also, we will be assuming responsibility of testing over the next few weeks because of significant management problems on the OHA testing side (they were responsible). After meeting this afternoon, I had Aaron call Carolyn and propose - which she gladly accepted knowing damn well why without saying.

r

Rocky King | Executive Director | **Cover Oregon** [redacted]

From: King Rocky
Sent: Monday, June 03, 2013 4:59 PM
To: GOLDBERG Bruce
Subject: Critical Update

Hi Bruce,

I wanted to let you know of a significant problem/challenge the project is having and what we will be discussing with Carolyn (Aaron is calling her this evening). Triz is also touching bases with Suzanne - I believe on her way home tonight.

I know everyone tells you that the interface development is "on track" - well, not so. While the three Medicaid interfaces are being worked on it came to our attention last week (and me today) that there are 6 EDM's (Enterprise Data Management interfaces) that are on the OHA side that have not been developed and will be running through the month of June to complete. This again puts our backs against the wall relating to adequate testing of Medicaid interfaces.

The best way to explain is that we've built 12 carrier interfaces. The carriers have to build their side of the interface for both sides to talk, which most have completed. The Cover Oregon side of the Medicaid interfaces will be completed by the end of the week, but OHA's side will not (the 6 EDM's) - this means that we can't move forward with the necessary processes to complete the interfaces.

We are now preparing the contingencies as to whether the interfaces will be delivered - which in sum means potentially no Medicaid eligibility and enrollment - rather just Medicaid assessment.

Give me a call if you want to discuss - I just did not want you to be blindsided.

Rocky

Rocky King | Executive Director | **Cover Oregon** [redacted]

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Sent: Monday, June 03, 2013 5:06 PM
To: BONETTO Mike * GOV
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Give me a call if you want to discuss - I just did not want you to be blindsided.

Rocky

Rocky King | Executive Director | **Cover Oregon** [redacted]

From: Hutchings Laura [redacted]
Sent: 3/13/2014 1:57:40 AM +0000
To: gjbrown [redacted] teriandrews [redacted] PETTIT Alex * CIO [redacted] KOLMER Sean P * GOV [redacted] EDLUND Tina D [redacted] vanpeltgreg [redacted] "Cvetko, John" [redacted] Aaron.X.Patnode [redacted] Bruce.wilkinson [redacted] chris.blanto [redacted] com; Erick.Doole [redacted] jkenagy [redacted] john.cimral [redacted] robin.richardson [redacted]
CC: bpeacock [redacted] GAMBLE Galen * GOV [redacted] BORDEN Richelle [redacted] KARJALA Aaron [redacted] DELAROSA Triz [redacted] "Goldberg, Bruce" [redacted] "LANE, Matt" [redacted] "McKivor, Tom" [redacted]
Subject: MATERIALS: Technology Review Committee March 13 meeting - Cover Oregon
Attachments: 2Go_NoGo_1_20140205.xlsx; CPA_GNG_Fix Plan_20140213.xlsx; MAXIMUS HIX Corp QMP FINAL[1].pdf; Maximus January CO draft report.pdf; R1.1 Release Criteria_20140128.xlsx

Dear Committee Members:

Attached please find the following materials for tomorrow's meeting; 9:00am start at Ambridge Event Center <http://www.ambridgeevents.com> , board room. Hard copies will be provided at the meeting.

* Go / No Go dashboard
* Go / No Go "fix" document for CPA go live
* Go / No Go Criteria
* Maximus Quality Plan
* Maximus draft January Report

Best,

Laura Hutchings| Executive Assistant | Cover Oregon

[redacted]

R1.1: Go / No Go #2 February 5, 2014			
Factor	**Schedule Objective**	**Status**	**Comments**
General Criteria			
Code Migration	All planned code migrated to Pre-Production by 2/2 based on new schedule	Pass	Expected code was moved into Production as scheduled.
Pre-Production Testing	Begin testing in stable environment on 2/3 with few errors, no roadblocks	Pass	Heavily qualified "pass" with risk; Have risk sufficient testing based on the schedule. ~ 85% of tests passed; found areas of concern that are most pervasive: eligibility coverage dates, shopping groups, dental, experience and attestment verifications (CMS hub).
Non Expert CO Testing	This includes 5 Cover Oregon non professional testers using test data to work through the system	Fail	1 out of 5 people made it through the testing; main issues were country, zip issues that made it impossible to shop, punctuation failing identity proofing, ADF faces error; one application that the back button to plan shopping resulted in apparent loss of application
Agent, Community Partners and Consumer Onsite Focus Group Testing	Includes agents, community partners and consumers testing for ability to enter applications and enroll within the Pre-Prod test	Incomplete	Partial information based on one focus group on 2/5/2014. Report out by Amy Fauver
Schedule	Schedule revised for a 2/3 Pre-Production testing, 2/7 push into Production and 2/10 availability to Customer Service	Pass	Met expected dates of re-baselined schedule
Release Criteria: Functional			
Account Management (Georgann H., Amy S., Chris B.)	Pass test cases by 2/2	Pass	Error messages are not clear in some cases but ok for now. User fname, lname, dob duplicate errors with appropriate error message. There is a known issue where if a user is added as an auth user prior to creating an app of their own, they will not have the option to start their app. Workaround is to add a case on the backend in CS Web App and add that user to the case as an entity owner.
Eligibility (Vivian Levy)	Pass test cases by 2/2	Pass	Notices are being generated correctly. Issue that needs resolution: There is an invalid LOV under "special format" called electronic notice. When this is selected, all notices are incorrectly addressed to Braille Plus, who will not be able to do anything with them.
Community Partners (Rachel Orr, Shannon Stamps)	Pass test cases by 2/2	Pass	Everything looked great, except for removing CPs from the application itself. This does not seem to be a major issue though because you can remove CPAs from your dashboard. I am happy to see that the search for CPAs is no longer case sensitive – woo hoo.
Agents (Kim Wirtz, Shannon Stamps)	Pass test cases by 2/2	Fail	1. I went to my client's account, added a community partner. SUCCESSFUL 2. I went to my client's account, selected the community partner I had added. Successful but no end date displays. 3. Selected an agent different from myself. The pop up box asked if I was certain I wanted to replace the agent, and I clicked on yes – it changed the agent to the new agent, however as the 'outgoing' or cancelled agent, I'm still in the client dashboard. Function to change successful, but outgoing agent still has access to change things on client account – that part FAILS. 4. I went into my new former client account, re-added myself, was allowed to do so (this is a FAILURE, since I should not be allowed to change anything in the client account if I'm not the active agent of record). Checking the client's dashboard for assisters, I can see myself as the active agent, the other agent with access ended. The change was successful, but the person making change IS was a security violation!! If I am removed as agent, I should no longer be able to make changes to my client's account. I can view until the end of the month, but I should no longer have access to enter or change information. SO= the process to add/delete/change agents or assisters works, the process to add an assister when I have an agent works, but the ability of the outgoing agent to enter changes – not just view client data – fails. (From Shannon Stamps) *Hey Kim* *Rachel is correct in the comments she made regarding functionality when an Agent or CP is removed before relationship is accepted. no end date is set. This symbolizes a relationship that was never valid (as it was never started and/or accepted).* *However, I am confused about your comments regarding the outgoing Agent having full access. We have discussed this over and over with the developers. We were very clear there is only one level of role access built at this time. In our discussions, we informed you that both the incoming and outgoing Agents would have all access. If this was the route we took. You and I were going to create a separate JIRA for future release that would restrict the outgoing Agent's access to read only. I am still willing to assist with this and will help when we*
Individual - AI/AN (Vivian Levy, Rachel Orr)	Pass test cases by 2/2	Fail	Message Center: I saw blank message centers on several dashboards when the Document Center contained the actual notice. Active Plan Information: Both cashboards that I was able to review did not include any information under My Plans. The "complete application" button was still active. One case had medical and dental enrollment complete, one had a person who did not shop for dental. There was no plan information for the CHIP eligible children. My Plans: I did not see any information under 'My Plans", therefore I was unable to confirm what the display looks like with multiple plans. Deactivate
Plan, Select & Enroll (Jen Morgan)	Pass test cases by 2/2	Pass	MODA logo is shown on QDP Dental Plans, that needs to be fixed. This is working correctly for the most part; However, the Compare Plan screen for both dental and medical is not functioning properly - there are blanks and behavior with the radio buttons for In Network and Out of Network not working correctly. The filter (minimum value on slider) on annual maximum defaults to -2 when the annual maximum is none.
Medicaid Plan Contingency (Vivian Levy)	Pass test cases by 2/2	Fail	The Medicaid contingency screen does appear when it should during the medical shopping experience. However, Medicaid/CHIP eligible individuals are taken through dental shopping when they should not be. In addition, there is no information displaying under "My Plan" in any of the individual dashboards that I viewed. This includes a case where some individuals were eligible for Medicaid/CHIP and some were not, and another where everyone was Medicaid/CHIP eligible.
Financial Mgmt. (Dana Franke, Tom)	Pass test cases by 1/19, then 1/25	Pass	Passed release criteria on 1/25 per Dana F. and Tom W.
Release Criteria: Technical			
10k concurrent users	Concurrent Users Pre-release system testing must support 10,000 concurrent users prior to move into Production	Pass	This is sufficient for a CPA go live; Performance testing was able to achieve 4,500 concurrent users; there are 4 additional activities, one of which is increasing capacity on the front end, that are applied within Performance and is a low risk change to Production; will be looking for new performance testing data to confirm ability to sustain ~ 10,000 concurrent users; all 4 changes will be considered based on a
Sub 5 second response	Pre-release testing must support 10,000 concurrent users with sub 5 second user response time	Pass	This is sufficient for CPA go live, with 4,500 concurrent users the average page load speed was under 2 seconds and the average for the most complex page load was under 4 seconds.
2 week Production stability	Production system must demonstrate stability through zero unplanned downtime for 2 weeks prior to push into Production	Pass	Up until past weekend, this criterion was "pass" as noted on the prior go/no go documentation; outage this past weekend was related to a configuration change made by Oracle Managed Cloud Services (OMCS) that was not documented or communicated; Oracle is mitigating this issues by mitigating / improving release practices
Move large code	Production Management process must demonstrate the ability to move at least 200 pieces of code between environments, e.g., Development into FTS; FTS into Pre-Prod, etc. prior to push into Production. These moves must be completed with no errors that	Fail	The migration of 378 JIRA tickets on 1/25 was unsuccessful 1. The migration team ran into several issues the day of the migration 2. Components were missed in the migration delaying testing in PRE-PROD by a day 3. Other issues with the migration caused an additional half day of testing in PRE-PROD. This concern has been planned for with 4 days of "Production Mitigation Clean Up" planned into the schedule beginning on 2/10/2014. The risk is mitigated moving forward the upcoming Production move as (1) this is high availability to high availability environment move (like environments), (2) Oracle has introduced new tools to compare code to val date code moves, (3) have
Pre-Prod / Prod mirror environments	Prior to moving code into Production, the Pre-Production environment and Production environment must be demonstrated as "mirrored" environments to provide confidence that code will perform similarly in both environments. The lone exception	Pass	Final patching into Production was completed on 1/29/2014; Pre-Production and Production are now mirrored.
Release Criteria: Security			
Security code in place for Go Live	Have all code in Pre-Prod by 2/2; pass Pre-Production testing	Pass	Pass for go live with CPA with medium risk; additional remediation may be necessary for full public release; analysis in progress
Ethical Hacking Test	Pass testing by 1/31	Pass	Pass for go live with CPA with medium risk; additional remediation may be necessary for full public release; analysis in progress
Release Criteria: Interfaces			
TMP002 Man. Enroll Contain	Pass testing	Pass	Stored procedure, scheduled data extract, file format, and export to FTP activities performing as expected. Manual process of cleaning the file via macro working. This will support both the current contingency process and the future XML process intended for use by the carriers beginning February
TMP003 CMS Payment Process Contain	Pass testing	Pass	Data extract pulling expected data and accurate counts for the summary report to CMS for reporting
LINK 001 Master Enrollment Suite	Pass testing	Pass	Passed ONLY to support the automated loading of enrollment data into PeopleSoft. This interface must be packaged with enrollment interfaces to support the logic needed for this functionality. Note that other than PSF021, automated interfaces will not be utilized in R1.1. TMP002 contingency enrollment files will continue to be used for carriers in place of CAR004/021 and TMP003 contingency payment
PSF 021 Initial Enrollment Sync to PSFT	Pass testing	Pass	Successfully. Received enrollment information in line with the TMP002 information sent to the carriers
CAR 004/021 EDI & XML Initial Enrollments	Pass testing	Pass	Passed ONLY to support the automated loading of enrollment data into PeopleSoft. This interface must be packaged with enrollment interfaces to support the logic needed for this functionality. Note that other than PSF021, automated interfaces will not be utilized in R1.1. TMP002 contingency enrollment files will continue to be used for carriers in place of CAR004/021 and TMP003 contingency payment
CMS 013 Initial Enrollments	Pass testing	Pass	Passed ONLY to support the automated loading of enrollment data into PeopleSoft. This interface must be packaged with enrollment interfaces to support the logic needed for this functionality. Note that other than PSF021, automated interfaces will not be utilized in R1.1. TMP002 contingency enrollment files will continue to be used for carriers in place of CAR004/021 and TMP003 contingency payment
CAR010 Carrier Provider Data	Pass testing	Pass	Receive, process, and pass files successfully to third party vendor for data cleansing
CAR011 Provider Directory Interface	Pass testing	Fail	The automation of receiving the files and pushing to Siebel for publication to Web Center is not working. At present, we can receive the files but a person must manually move the files from one location to another in order to process them. We are waiting on the data cleansing vendor to provide
BAM Integration Monitoring	Pass testing	Pass	Monitor, filter, and sort by interface as an exception handling tool. This includes interfaces with multiple external partners (i.e. CMS, financial)

GOV_HR00091082

Report Date: 2/13/2014

Key	Summary	Owner / Team	Plan	Status	Next Steps
CDTP-4526	Cases not forming QHP Shopping Groups	Tim L. (O), Paul M.	(1) Analysis: must identify size of issue; diagnose code	We had developer run the pre-test to find out about the problem; looks like 2/1,000 were impacted (JIRA 3918); So, the real impact of this issue is more around "do we have the right views and tools manually" in case we need to do something manually on the back end	Jen Morgan has said that this is no longer an implementation issue. Still need to determine how to do it on the back end. CLOSED How do we do bulk data fix? Can use current manual processes for this effort Also is a work around that is identified in the original. deferred for these purposes
CDTP-4523	Spinning wheel after less than 5 minutes, Siebel locks up for "Siebel only" users	Tom M. (O), Steve B. & team	(1) Analysis. Gather data; pull in triage team to determine root cause	Appears to be same as the looping issue below (4514); network issue	See below 4514; possibly same network issue
CDTP-4514	Users are looping at Primary contact - Information entered appears gone, goes back to same page	Tom M. (O), Patty W, Mark P., Jessica, Matt T., Jenn M., Damian, Account Team	(1) Work with Comm team and Accent Team to reach out to CPA's to help diagnose issue; Jessica W. may have info to reach out to Agents	About every 40 minutes the network "hiccups" and experience packet loss; once the network comes back, the pages seems to work; looks like a network problem. Does not answer why CPA are having issues	Already contacted state data center; they put network issue as a Sev 1 level; doing more analysis from Oracle and CO to provide sdc to validate it as a network issue. Need call with Bethany around best route to proceed. For CPA, Georgann, Jenn and Jessica Wagner are reaching out to CPA to get some CPA user experience feedback based on a survey CO developed; this will occur beginning tomorrow morning for analysis
CDTP-4506	Coverage Tier is showing up blank in many manual enrollments	Tim L. (O), Dana, Kishore, Mark P.	(1) In process; push from Dev into FTS to begin testing; need to put on surgical "fast track"	This is ready to deploy into FTS at this point; only issue with old cases; CPA should not experience this on going forward cases;	Was approved in CCB for move into FTS;
CDTP-4499	Manual enrollment is getting "record modified by another user" all the time. (aka, *"Well that didn't work"*; this is 4517 currently in BA review)	Tom M. (O), Kishore	(1) Analysis. may be related to JIRA #4517	No update on this yet; Tom and team were working other issues; suspicion that may also be related to network issues; emphasis on may; 4517 addresses "well that didn't work", 4499 and 4417 need to both go in to fix	Tom and team will work on this tomorrow: Tom and team will work with the manual enrollment team in Salem; Mark P and Bethany will join; Aaron also mentioned that over the weekend he experienced the same thing due to logging being run
CDTP-4493	Assessment date is not being set correctly	Tim L. (O), Mandy, Vivian	(1) Assess short & long term options that already exist; propose best option. (2) implement option	had emergency meeting today; upcated the JIRA to employ the go forward business rules; eta for fix in Dev is couple of hours	Aiming for BA review by morning of 2/14
CDTP-4437	Enrollment effective date	Jeff M. (O), Kishore	(1) Evaluate why test failed, (2) resolve issue, (3) fix	Being moved into Production tonight; tomorrow Dana can check effective dates	Work them tonight through enrollment; have Dana's team verify that they work; won't know for sure if this works until we go to 2/16 next enrollment period.

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Oregon Health Insurance Exchange Corporation (The Oregon Exchange)

Quality Management Plan (QMP)

Deliverable #1.3

FINAL

Dated: October 31, 2012

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1. INTRODUCTION

The purpose of the Health Insurance Exchange Corporation (the Oregon Exchange) Quality Management Plan (QMP) is to document the quality standards, checklists, report templates, and processes which are recommended to be used by the Oregon Exchange to manage the overall quality of the processes and outputs of the organization.

This plan includes specific activities and processes related to the business and technology aspects of the emerging the Oregon Exchange operation. Additionally, the Oregon Health Insurance Exchange – Information Technology (HIX-IT) project is considered, as it is critical to the ultimate success of the Oregon Exchange. The HIX-IT project is being led by the Oregon Health Authority (OHA) Office of Information Services (OIS).

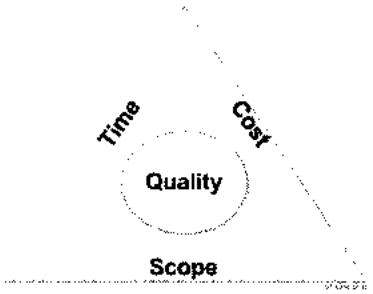
The remainder of the document outlines the quality-related processes, standards, and controls which are recommended for the Oregon Exchange. This is intended to be a "living" document, in that we expect there to be changes to the content as the operational processes and metrics mature and are updated.

All work assigned to MAXIMUS is subject to the execution of appropriate work order(s).

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2. OVERALL QUALITY MANAGEMENT APPROACH

The quality management approach outlined in this document is intended to help the Oregon Exchange manage the three triple constraints (time, cost, and scope). The overall approach will include defining the relevant standards and controls, and then assigning quality processes and responsibilities to virtually all members of the team; including the Oregon Exchange project management and the Oregon Exchange team-members, as well as contractors and consultants. In this way, quality becomes an inherent and integral part of the effort. And this should be implemented in a positive and collegiate way as possible.



This approach is based on accepted industry standards and best practices as promulgated by the Project Management Institute (PMI) in its Project Management Body of Knowledge (PMBOK), Fourth Edition 2008, and Government Extension to the PMBOK Guide, as well as other relevant industry standards.

In addition to the general standards and guidelines, the QMP considers quality related standards and requirements from a variety of the Oregon Exchange specific sources, including:

- the Oregon Exchange Enabling Legislations and Approved Business Plan
- Federal Planning and Establishment / Early Innovator Grants
- the Oregon Exchange Board of Directors
- Department of Health and Human Services (DHHS), Centers for Medicare and Medicaid Services (CMS), and Center for Consumer Information & Insurance Oversight (CCIIO)
- CMS/CCIIO Management Assessment Items (MAIs), the Blueprint for Approval of Affordable State-based and State Partnership Insurance Exchanges, other relevant Supplements and Guidance.
- Oregon Health Authority (OHA), Department of Human Services (DHS), Department of Consumer and Business Services (DCBS)
- Published the Oregon Exchange Blueprints and Status Reports
- Relevant State of Oregon Guidelines, Standards, and Policies
- State of Oregon Legislation and Budget Notes
- Code of Federal Regulations (CFRs)
- Other HIX Stakeholders and Advisory Committees
- Lessons learned from other Early Innovators and Level 2 Grant awardees
- The Department of Administrative Services (DAS), Oregon Legislative Fiscal Office (LFO), and the Joint Committee on Legislative Audits & Information Management and Technology (JCLAIMT), as appropriate

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Well-defined and enforced quality management activities help ensure that quality is planned into the project, which drives quality outcomes. PMI/PMBOK standards, along with the Oregon Exchange specific standards, are employed to ensure a sound approach to project planning and management. MAXIMUS will work with the Oregon Exchange Team and stakeholders to review standards; identify quality requirements, metrics, and acceptance criteria; and establish procedures for gathering data to determine compliance with those standards, requirements, and acceptance criteria.

The benefit of quality planning is the advanced detection of potential issues and conflicts that can be mitigated prior to becoming critical. In addition, quality planning should permeate through the entire development life cycle and is therefore reflected in the overall structure of all participating teams. This document includes activities of the overall management functions that determine the quality processes, including the roles and responsibilities of the various teams that are collaborating on this project.

The QMP is meant to be a living document. For example, as the Oregon Exchange refines and clarifies its business approach, processes, and resulting artifacts, additional quality-related standards and procedures will be defined.

There are five essential, and interrelated, components of the overall Quality Management System. These components are:

Quality Planning: Identification of relevant industry and customer standards and quality requirements; and establishment of plans and procedures for gathering data to determine compliance with standards, requirements, and acceptance criteria. For the purposes of this effort, the result of this activity is the Quality Management Plan (this document).

Quality Assurance (QA): Identification of areas where quality processes may not be implemented and the design of mitigation strategies to help ensure improvements to quality. For the purposes of this effort, QA is defined as relating review and assessment of the ***processes, controls, and methods*** used by the Oregon Exchange that relate to quality. Specific QA activities are described in more detail in Section 4 of this document.

Quality Control (QC): Evaluation of the level of quality achieved against standards and requirements, determination if acceptance criteria were achieved, and referral of deficiencies to the quality improvement stage. For the purposes of this effort, QC is defined as the review and assessment of specific **documents, artifacts, and deliverables**. Specific QC activities are described in more detail in Section 5 of this document.

Independent Verification and Validation (IV&V) Testing: This activity includes the planning and execution of independent testing of the final version of the HIX-IT software to confirm that the software is functioning as defined by the approved requirements. Specific IV&V activities are described in more detail in Section 6 of this document.

Risk Management (RM): This activity will be focused on the proactive management and tracking of the Oregon Exchange issues, risks, and decisions. Specific RM activities are described in more detail in Section 7 of this document.

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3. QUALITY DELIVERABLES

In addition to this QMP, the Oregon Exchange will generate a variety of reports and artifacts as a result of the execution of the Quality Management activities described in the QMP. While the specifics of many of these documents will evolve over time, the existing Oregon State standards will be leveraged when possible. The initial list of quality deliverables are briefly described below:

Monthly Quality Status Reports – These monthly reports will provide results from the Quality Assurance (QA) activities for the month. This will include an assessment of specific findings, risks, and recommendations for each of the agreed-upon Quality Assurance Standards, as well as a risk ranking and discussion of the overall effort. Please see *Appendix A: Quality Assurance Standards* for a complete listing of the relevant QA standards. The Monthly Quality Status Reports will utilize the industry-standard traffic light (red, yellow, green) to indication the risk level identified. Please see *Appendix B: Legend*, for a description of the risk rating rubric. A place will also be provided for the Oregon Exchange Management to respond.

Quality Control (QC) Reports – The project will utilize the state's existing "Quality Control Reviews and Reports" format and template to document the results of project QC reviews. At a minimum, this report will summarize the overall quality and specific defects identified with respect to the deliverable under review. Please see *Appendix C: Quality Checklists* for the initial set of QC standards.

Independent Verification and Validation (IV&V) Master Test Plan (MTP) – This plan will include specific plans, methodologies, procedures, and management measures for the IV&V testing effort. This report will leverage the existing Oregon Department of Administrative Services (DAS) "IV&V Master Test Plan" format and template, as appropriate.

IV&V Test Execution and Status Reports – The project will summarize the progress and results of the IV&V testing effort.

Deliverable Expectation Documents (DEDs) will be developed and mutually agreed-upon, as required.

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4. QUALITY ASSURANCE

Establishment of a proven, repeatable, and reliable process for Quality Assurance (QA) is the first step in the development of a robust Quality Management System. For the purposes of this effort, QA is defined as the ***review and assessment of the processes, controls, and methods*** used by the Oregon Exchange.

4.1 QUALITY ASSURANCE OVERVIEW

Quality Assurance (QA) is ultimately a daily responsibility of all the Oregon Exchange staff. Effective QA is controlled by structured quality-focused processes both internal to the Oregon Exchange Team and augmented by the external, independent QA activities of MAXIMUS. This daily commitment to quality is essential to the ultimate capacity of the organization to produce a product that will meet the needs of the various the Oregon Exchange stakeholders.

The purpose of QA is to monitor process quality, using industry standards and best practices as benchmarks, in order to identify potential problems, areas for improvement, and risk mitigation strategies. MAXIMUS independent Quality Assurance activities will be conducted in coordination and alignment with the Oregon Exchange's own internal Quality Assurance efforts and also in coordination and alignment with HIX-IT and other contractor activities.

As part of the QA process, it is anticipated and expected that the Oregon Exchange staff will conduct ongoing reviews to examine ongoing processes, controls, and enforcement. It is also essential that the HIX-IT project also establish QA reviews to examine ongoing processes, controls, and enforcement. These processes will be evaluated based on the relevant requirements, including the Quality Assurance Standards (ref Appendix A), and their conformance to established industry and State of Oregon defined standards and best practices. This includes not only critical evaluation of the project's quality-related processes, but also the identification of recommended adjustments and improvements to those processes and controls, as appropriate. A critical aspect of this evaluation is that processes be ***documented, understood, and consistently enforced***.

As a result of these QA activities, MAXIMUS and the Oregon Exchange staff will document variances from these practices, standards and guidelines, as well as identify relevant recommendations to mitigate risks or adjust those processes to support higher quality outcomes.

4.2 QUALITY ASSURANCE STANDARDS

This section of the QMP introduces the initial set of Quality Assurance Standards to be used as a primary metric during the QA processes for the Oregon Exchange. These standards were built upon the DAS "Generic Software Project Quality Standards (QS)" guidelines, dated 11/30/2006, as modified to meet the initial requirements of the Oregon Exchange QA project. However,

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since these standards were originally established for information technology efforts, significant modifications were required. For example, "Board Governance" and "Inter-Org Coordination" quality categories were created to meet the specific requirements of this effort.

Please see *Appendix A: Quality Assurance Standards*, for the initial project Quality Assurance Standards. These standards are currently being used by MAXIMUS in their ongoing Independent QA activities for the Corporation.

4.3 INTERNAL THE OREGON EXCHANGE QUALITY ASSURANCE ACTIVITIES

The entire Oregon Exchange team has a critical role in the overall quality management of the effort. For example, the Oregon Exchange has responsibility for creating and reviewing and improving its own business processes. The Oregon Exchange team will perform its own internal QA work in regard to its own activities, as well as the activities of the HIX-IT project and other contractors.

As mentioned earlier, this requires a daily commitment to quality. Specific activities include:

- Empowering all the Oregon Exchange staff to "own" quality and strive for excellence
- Maintaining a daily focus on improving quality throughout the organization
- Fostering a receptive and responsive culture regarding accepting change and improving the Oregon Exchange processes and controls
- Maintaining open and honest communication with all levels of staff
- Actively soliciting input from all the Oregon Exchange staff and stakeholders on ideas to improve quality and quality management processes
- Trying new ideas and being as creative as possible in ongoing quality improvements
- Supporting quality-related initiatives and directives
- Conducting formal process reviews and lessons learned exercises, as appropriate

In order to perform these duties, the Oregon Exchange Team should be familiar with the established Quality Assurance Standards, as outlined in Appendix A of this report:

- Business Mission and Goals
- Roadmap Maintenance and Management
- Scope Management
- Schedule Management
- Budget Management
- Funding Management
- Board Governance
- Inter-Org Coordination
- Organizational Management
- Human Resources Management

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- Stakeholder Management
- Communication Management
- Project management
- Contract Management
- Product Content Management
- Testing Management

4.4 INDEPENDENT QUALITY ASSURANCE ACTIVITIES

As a compliment to the Oregon Exchange Team's own commitment to quality, MAXIMUS will focus on the following QA activities:

QA Education and Awareness – The MAXIMUS Team will work in concert with the Oregon Exchange Leadership to help ensure that the agreed-upon project Quality Assurance Standards and controls are well documented, understood, and internally enforced. This work will be conducted through day-to-day interactions with the Oregon Exchange staff, as well as informal mentoring and knowledge transfer.

Independent QA Reviews – The MAXIMUS Team will conduct independent QA reviews of the processes, procedures, methods, and controls in use by the Oregon Exchange. This review will take the form of participation in a variety of project meetings, as well as reviews of documents and confidential interviews. This review will provide the organization with an independent assessment of specific findings, risks, and recommendations for each of the agreed-upon Quality Assurance Standards. Please see *Attachment A: Quality Assurance Standards*. The results of this work will be the development of the Monthly Quality Assessment Report.

Ad-hoc QA Assignments – As mutually agreed upon, the MAXIMUS Team will also conduct in-depth, independent quality-related assignments. These assignments may take a variety of forms, depending on the specific needs of the Oregon Exchange. For example, an in-depth, focused QA review of the HIX-IT requirements management process, including a review of the use of the Hewlett Packard Application Lifecycle Management (ALM) tool, may be considered worthwhile. Similarly, an independent assessment of the processing and allocation of HIX-IT contractor invoices by OHA or the process by which the CMS Attestation will be determined may be appropriate. The specific scope, timing, and outcomes of these reviews will be discussed and mutually agreed upon, as required.

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5. QUALITY CONTROL

Quality Control (QC) is the second step in the development of a robust Quality Management System. For the purposes of this effort, QC is defined as the ***review and assessment of specific documents, artifacts, and deliverables*** created by the Oregon Exchange.

5.1 QUALITY CONTROL OVERVIEW

The responsibility for overall quality of all documents and artifacts is the responsibility of all the Oregon Exchange staff. Similar to Quality Assurance, effective Quality Control (QC) is controlled by structured quality-focused processes both internal to the Oregon Exchange Team and augmented by the external, independent QC activities of MAXIMUS.

The purpose of QC activities is to evaluate defined project documents and deliverables against stated requirements, industry standards, and best practices, in order to identify shortcomings and make recommendation on how to improve the quality of these artifacts. MAXIMUS independent Quality Control activities will be conducted in coordination and alignment with the Oregon Exchange Quality Control activities, as well as with HIX-IT and other contractor activities.

As part of the QC process, it is anticipated and expected that the Oregon Exchange staff will conduct ongoing reviews to examine documents, artifacts, and deliverables. It is also essential that the HIX-IT project also establish QC reviews to examine documents, artifacts, and deliverables. These artifacts will be evaluated based on the relevant requirements, including Quality Checklists (ref Appendix C), and their conformance to established industry and State of Oregon defined standards and best practices.

As a result of these QC activities, MAXIMUS and the Oregon Exchange staff will document variances from these standards and guidelines, as well as identify relevant recommendations to mitigate risks or improve the quality of the specific artifacts.

The QMP assumes that there will be a variety of products and artifacts that will be subject to internal QC, some of which will be subject to independent QC. These products include plans, procedures, and work products that provide essential documentation of the Oregon Exchange structure and business functions, as well as artifacts related to the HIX-IT system. Some of these artifacts may be formal contractual deliverables which must be reviewed to confirm that they fulfill relevant obligations.

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5.2 QUALITY CHECKLISTS

This section of the QMP introduces the initial set of Quality Checklists to be used as a primary metric during the QC processes for the Oregon Exchange. These checklists were developed and refined over time to serve as a basic tool of quality control. Prior to its use, each checklist will be reviewed and further refined to meet the specific needs of the Oregon Exchange at that time. For example, specific items may be removed or added to a checklist, based on the CMS Attestation requirements.

Please see *Appendix C: Quality Checklists*, for the initial project Quality Checklists.

5.3 INTERNAL OREGON EXCHANGE QUALITY CONTROL ACTIVITIES

As stated previously, the entire Oregon Exchange Team has a critical role in the overall quality management of the effort. The Oregon Exchange will perform its own internal QC activities on all relevant documents and artifacts, including any outcomes or deliverables produced by the HIX-IT project or other contractor activities. A subset of these artifacts, as determined appropriate by the Oregon Exchange will then be subject to independent QC review.

Fundamental to internal QC efforts is the commitment to quality at the unit level. For example, it is expected that all the Oregon Exchange plans and project artifacts will be subject to internal project review and approval. A designated Quality and Risk Manager should be assigned to coordinate these activities. All work products are expected minimally to be reviewed by the appropriate supervisor to determine that the product meets adequate quality standards. The review of these products may be formal or informal, meaning that in some instances verbal approval is sufficient. It is expected that any complex work product such as HIX-IT requirements or work flows will be subject to a more rigorous review process, including both peer and supervisory review.

5.4 INDEPENDENT QUALITY CONTROL ACTVITIES

As a compliment to the Oregon Exchange Team's own commitment to quality, MAXIMUS will focus on the following QC activities:

QC Education and Awareness – The MAXIMUS Team will work in concert with the Oregon Exchange Leadership to help ensure that the agreed-upon project Quality Checklists are well documented, understood, and internally enforced. This work will be conducted through day-to-day interactions with the Oregon Exchange staff, as well as informal mentoring and knowledge transfer.

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Independent QC Reviews – The MAXIMUS Team will conduct independent QC reviews of specific documents and artifacts. For these reviews, MAXIMUS recommends an "open book" approach, meaning that the relevant Quality Checklist(s) would be made available to the Oregon Exchange prior the document's submission to the independent QC process. This review will include the following tasks:

1. **Assessment of Potential Artifacts** – MAXIMUS will assist the Oregon Exchange in the review, sizing, and prioritization of potential documents and artifacts for potential independent QC review. The complexity, size, and criticality of each document will be considered in this assessment.
2. **Identification of Artifacts to be Reviewed** – The Oregon Exchange will determine, with MAXIMUS input, the list of artifacts what will be subjected to independent QC review.
3. **Definition of Relevant Standards** – Prior to the submission of each artifact, MAXIMUS will review relevant guidelines, standards, and metrics with the Oregon Exchange. If the document is a contractor deliverable, then any contractual requirements or assurances will also be considered. Any modifications or customizations to the associated Quality Checklist(s) will be made at that time.
4. **Artifact Submission –** The Oregon Exchange will submit the artifact to MAXIMUS for the independent QC review, once the document is determined by the Oregon Exchange to be through the appropriate level of internal review.
5. **Independent QC Review** – MAXIMUS will utilize the agreed-upon Quality Checklist and complete an independent QC review of the artifact. Specific findings, risks, and recommendations will be documented and delivered to the Oregon Exchange.

There are a variety of potential documents and artifacts that should be considered, including:

- Foundational Project Management Documents
  - Charter
  - Business Case
  - Work Breakdown Structure (WBS)
  - Schedule
  - Governance, Oversight, & Accountability Plan
  - System QA (Testing) Strategy & Plan
  - Requirement Management Plan
  - Scope Management Plan
  - Schedule Management Plan
  - Communication Plan
  - Issue, Risks, and Decisions Management Plan
  - Testing Plans

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- Etc.

- The Oregon Exchange Ongoing & Operational Documents
  - Status Reports
  - Board Policy Manual
  - Board Presentation Materials
  - The Oregon Exchange Roadmap
  - Policy & Procedure Manuals
  - Outreach and Communication Materials
  - Training Materials
  - Grant Applications
  - Inter-Governmental Agreements (IGAs)
  - CMS Attestations
  - Etc.

While the HIX-IT Project may be considering its own form of QC, as the primary customer of the project, it may be important for the Oregon Exchange to conduct its own review of some of these documents, such as:

- HIX-IT Project Documents
  - HIX-IT Roadmaps
  - Work Breakdown Structure (WBS)
  - Schedule
  - Status Reports
  - Earned Value (EV) Reports
  - Scope Statement
  - Requirements Documentation
  - Requirements Traceability Matrixes
  - Use Case Packages
  - Design Documentation
  - Security Documentation
  - Performance Documentation
  - Coding Standards
  - Testing Results
  - Budget
  - Financial Tracking Reports
  - Etc.

The Oregon Exchange may determine that some of these documents will only be subjected to an internal QC review. Other documents, such as the schedule, status reports, and EV reports, may be subjected to multiple iterations of independent QC as these documents are updated.

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6. IV&V TESTING

Establishment of a proven, repeatable, and reliable process for Independent Verification and Validation (IV&V) is the third step in the development of a robust Quality Management System.

This activity typically involves testing of software, on a sampling basis, to confirm that it operates as required. IV&V testing is designed to augment the ordinary set of unit, integration, system, performance, security, regression, and User Acceptance Testing (UAT) that are typically performed as part of any large-scale system integration project.

IV&V testing differs from these other forms of testing, as it is typically executed completely independently of the project. For example, while a project might engage training staff to assist with UAT, this would not be the case for IV&V testing. And as a result, the findings from IV&V testing are often considered a critical counterpart of ordinary project-based testing. The Oregon Exchange expects the HIX-IT Project to conduct its own form of IV&V testing. As the primary customer of the project, it is important for the Oregon Exchange to conduct its own final IV&V testing. That Oregon Exchange IV&V will be coordinated, but separate from the HIX-IT project.

The Oregon Exchange IV&V will test the final version of the HIX-IT software delivered by the HIX-IT project to confirm that the software is functioning as defined by the approved requirements. The IV&V testing will focus primarily on high-risk and critical code or system configurations. IV&V testing will also assess specific the Oregon Exchange attestation requirements outlined in the CMS "Blueprint for Approval of Affordable State-based and State Partnership Insurance Exchanges", dated August 14th, 2012. Due to the critical nature of the HIX-IT health insurance exchange application, system security and privacy of information will be a special focus of IV&V testing.

6.1 TESTING PRIORITIZATION

IV&V testing pays particular attention to the areas to be tested and the data to be used in testing. The scope of IV&V testing will emphasize high priority tests designed to minimize the overall testing effort while focusing on critical areas of the software. The IV&V firm will identify test domains and functional requirements associated with each test domain that align with the attestation responsibilities that must be reflected in system functionality. The attestation responsibilities of the Corporation are divided into thirteen core functional areas (below), these areas will be utilized as the basis for the IV&V testing efforts for the Oregon Exchange. The areas of CMS required HIX Attestation are:

1. Legal Authority and Governance (if applicable)
2. Consumer and Stakeholder Engagement and Support (as applicable)
3. Eligibility and Enrollment
4. Plan Management

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5. Risk Adjustment and Reinsurance (if applicable)
6. Small Business Health Options Program (SHOP)
7. Organization and Human Resources
8. Finance and Accounting Technology
9. Privacy and Security
10. Oversight and Monitoring
11. Contracting (if applicable)
12. Outsources and Agreements (if applicable)
13. State Partnership Exchange Activities (if applicable)

In addition, the Oregon Exchange may wish to have the IV&V contractor further the focus of IV&V in other areas of the exchange. The Oregon Exchange will agree on which IV&V areas warrant higher priority compared to others, and proceed on the basis of that agreed upon prioritization.

6.2 IV&V MASTER TEST PLAN DEVELOPMENT

After identifying recommended IV&V test areas, the IV&V contractor will meet with the Oregon Exchange project management and executive staff to develop an IV&V testing scope. All of the areas identified by the IV&V contractor will be reviewed and included in the preliminary Master Test Plan document. This set of test areas will provide the basis for the IV&V Test Matrix. The IV&V Test Matrix is a document that includes a system assigned identifier, a name, a description of the test, and the data ranges to be tested, and other supporting information.

IV&V Testing for the Oregon Exchange will be conducted in coordination with the HIX-IT project and HIX-IT test environment. However, IV&V Testing for the Oregon Exchange will be conducted as a separate set of activities from any testing conducted by the HIX-IT project. This separation serves two important purposes. First, it recognizes the specific responsibilities that the Oregon Exchange has as the operating entity, and the specific functional capacities that must therefore be assured and attested to for Exchange operation. Secondly, it helps ensures that IV&V testing on behalf of the Oregon Exchange is focused on meeting the Oregon Exchange specific needs.

The following three principles are related to IV&V Master Test Plan development.

Minimize Overlap: Since there is a variety of testing already planned by the HIX-IT project, the Oregon Exchange IV&V testing will be structured to avoid any unnecessary retesting.

Unstructured Testing: The Oregon Exchange IV&V testing will include a significant level of focus on unstructured testing from an external and public user perspective. This will be done to help ensure that IV&V testing exercises the exchange functionality that will be experienced by the public. It will be a planned unstructured testing process

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because public users will not be following scripts and it will be important to discover unexpected and obscure issues or potential problems.

Support CMS Attestation: As noted earlier, IV&V will support the Oregon Exchange's ability to attest to the fulfillment of CMS requirements for a State-Based Exchange.

The Oregon Exchange will require the IV&V contractor to develop an IV&V Master Test Plan deliverable that includes plans, methodologies, development procedures, and defect tracking methodologies for the Oregon Exchange IV&V testing. Testing activities will verify and validate that the operations of hardware, software, telecommunications and security components needed to support the operations of the Health Insurance Exchange Corporation are functioning as intended.

It is expected that the HIX-IT test environment will be available to us on a scheduled basis and that it will simulate the production environment in all regards. We will review relevant documents including the Oregon Exchange User Acceptance Test (UAT) and IV&V Test Plans, and any test environment documentation.

The following process will be used to develop the IV&V Master Test Plan.

1. Review the Oregon Exchange IV&V testing requirements, including CMS Attestation Guidance.

2. Review existing HIX-IT testing plans, including draft and final test plans, test criteria, data sets, and testing results.

3. Review traceability of all requirements and use cases, to test cases, testing documentation, and follow through on correction. Confirm that:

- All requirements are linked to test cases.
- Test cases are correct and adequately test the functionality of the requirement.
- All test cases will be executed.
- Results will be documented in prescribed formats.
- Corrective action will be completed.

4. Develop an IV&V Master Test Plan designed to exercise functionality domains described above.

In the development of the IV&V Master Test Plan, the following items will be developed.

6.2.1 The IV&V Test Matrix

In the IV&V Test Matrix the areas to be tested and their associated functional requirements are identified and recorded. The goal is to ensure that every requirement identified as requiring IV&V testing has at least one associated test case.

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A test case tests a requirement or a set of requirements using an identified range of values. Test cases in the test matrix include a system assigned identifier, a name, a description of the test, and the data ranges to be tested. We have found that this level of detail is necessary in a test plan to provide a full understanding of what is to be tested, and the resources and time required to complete the testing. This test matrix serves as an overview and tracking instrument for test case development and execution. In addition, because some unstructured testing is necessary, we will include guidance and parameters for supplemental unstructured tests, which will be conducted by the testing team.

6.2.2 Developing IV&V Test Scripts

Using the IV&V Test Matrix as a framework, the test plan will describe the procedures for developing detailed test scripts, and templates for the scripts. The Oregon Exchange staff will collaborate with the IV&V contractor to ensure that the content of the test scripts are appropriate and applicable to high risk areas identified in coordination with the Oregon Exchange. The scripts will include a script identification number, a test set reference, a script name, script description stating the purpose of the script, data to be used, and test steps identifying the specific actions to be taken and the expected results of each step. In addition, we will record the assigned tester, the expected and actual test dates, test results, and reference to defects identified during the test. This is important as each test case execution may result in multiple errors or defects, each of which must be tracked separately. While the Oregon Exchange has a defined an approach to testing, we are also align our approach with the ALM system if this will facilitate communication and tracking and it is mutually agreed that doing so would be beneficial and effective.

6.2.3 Security Section of the IV&V Master Test Plan

The IV&V Master Test Plan will have a section for application security that will begin with the creation of a threat model for the proposed implementation to identify areas of risk for security testing. The Master Test Plan security section will begin with the creation of a threat model for the proposed implementation to identify areas of risk for security testing. This review will require interaction between the IV&V contractors, the Oregon Exchange staff, HIX-IT project staff who understand the current and proposed environments. The resulting threat matrix will provide a starting point for the Master Test Plan security section and establish testing boundaries.

Threat Modeling Approach Overview

Identify assets -Identify the information assets that must be protected.

Create an architecture overview -Develop diagrams and tables to document the architecture of the application. Key elements include: Systems, Networks, Subnets, Protocols, Trust Boundaries, and Data Flow.

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Decompose the application -Analyze the individual components and subsystems of the application to expose fundamental vulnerabilities.

Identify the threats and threat agents (STRIDE) -Identify potential sources of unauthorized acts and the broad categories of attack types. Using knowledge of the architecture and potential vulnerabilities of the application, identify the threats that could affect the application.

Document the threats -Document each threat using a common threat matrix that defines a core set of attributes to capture for each threat.

Rate the threats (DREAD) -Rate the threats to prioritize and address the most significant threats first. The rating process estimates the probability of the threat against damage that could result should an attack occur. Threat rating provides data for the formation of a proportional response to the risk posed by identified threats. Threats are rated by probability of occurrence and impacts as follows: **D**amage potential, **R**eproducibility, **E**xploitability, **A**ffected users, and **D**iscoverability

As required, the IV&V contractor will also review and assess the HIX-IT test plans and results. In conjunction with the Oregon Exchange Project Manager and the DHS Information Security Office (ISO), we will identify security related high-risk areas, and perform sample testing areas using the following standard security testing guidelines. We will also use security assessments conducted by DHS ISO in recent years to established security priorities when developing security test priorities. We will adhere to industry standards and best practices as outlined in NIST 800-42 "Guideline in Network Security Testing" for operational systems, the National Information Assurance Partnership (NIAP) Common Criteria Evaluation and Validation Scheme (CCEVS) based on the Common Evaluation Methodology (CEM) for developmental systems, and the ISECOM Open Source Security Testing Methodology Manual (OSSTMM 2.1).

As part of the Master Test Plan (Security Component) development, the IV&V contractor will work with the Oregon Exchange Team, HIX-IT, and DHS Information Security Office staff to develop a test matrix to represent the specific set of tests to be performed, the environment, and the depth of testing. The testing will include evaluation of functional security as it pertains to application requirements (e.g. role based security, login functionality, application permissions, etc.).

Areas to be considered for testing by the IV&V Team for operational security include the following:

- Policy and Procedure
- Internet Application Testing
- Role Validation
- Trusted Systems Testing
- Access Control Testing
- Authentication of Services Testing

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- Key Management (PKI), if applicable
- Etc.

IV&V contractor staff will work with the Oregon Exchange project and ISO staff to define the test environment to be used for each of the security tests. These security tests support the mandatory CMS Attestation, such as:

Table 1: State Application Requirement Examples

Item #	**State Application Requirement Examples** (from "Draft Blueprint for Approval of Affordable State-based and State Partnership Insurance Exchanges" - ExchangeBlueprint05162012.pdf)
3.6	The Exchange has the appropriate privacy protections and capacity to accept, store, associate, and process documents received from individual applicants and enrollees electronically, and the ability to accept, image, upload, associate, and process paper documentation received from applicants and enrollees via mail and/or fax. 3.6a The Exchange has the appropriate privacy protections and capacity to accept, store, associate, and process documents received from applicants and enrollees electronically. 3.6b The Exchange has the appropriate privacy protections and capacity to accept, image, upload, associate, and process paper documentation received from applicants and enrollees via mail and/or fax.
10. 2	The Exchange has established and implemented safeguards that (1) ensure the critical outcomes in 45 CFR 155.260(a)(4), including authentication and identity proofing functionality, and (2) incorporates HHS IT requirements as applicable. The Exchange has adequate safeguards in place to protect the confidentiality of all Federal information received through the Data Services Hub, including but not limited to Federal tax information.
10.3	The Exchange has adequate safeguards in place to protect the confidentiality of all Federal information received through the Data Services Hub, including but not limited to Federal tax information.

We believe the testing can be conducted in a test lab or test environment, but the environment must reflect the production environment of the Health Insurance Exchange as closely as possible. All intrusive or destructive testing will be performed in a test environment designated by the Oregon Exchange.

6.2.4 IV&V Test Schedule

IV&V will be conducted after the final release of the production software for the Health Insurance Exchange by the HIX-IT development project. It is recommended that this testing be done prior to UAT but it can be done simultaneously if necessary. This test schedule will be specified in detail as the HIX-IT master schedule is stabilized. Details of the IV&V test schedule will be further defined in the IV&V Master Test Plan.

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6.2.5 Issue Handling

The Test Matrix enables the entry and communication of identified issues and defects and represents one appropriate and effective mechanism for communication of IV&V findings. Another potential approach to reporting of problems identified through IV&V may be to use the ALM system. We will work with the Oregon Exchange and HIX-IT to ensure that we align with the issue reporting mechanism adopted by both organizations. The HP ALM toolset will be leveraged, to the extent reasonable.

6.3 IV&V TEST EXECUTION

The IV&V Master Test Plan will specify the procedures to be used for IV&V testing.

Each step of the IV&V test case will documented on the test script, and screen prints or other documentation taken as appropriate. Any errors identified during test execution will be identified and entered in a defect-tracking database or ALM if required. This database will include the defect identification number, type of error, what subsystem it occurred in, which test case and step it occurred in, and a description of the error. When possible, testers will be expected to obtain screen prints documenting the error and the data that created the error, since defects can sometimes be caused by operator input data errors as opposed to program code. All new defects will be reviewed by a team of Quality Assurance and the Oregon Exchange and classified according to type of error, severity, and priority of the repair.

The severity of each defect will be determined, as follows:

- A **blocker** is a defect that prevents further testing of some aspects of the system. These defects not only represent risk themselves, but they can delay execution and completion of the IV&V testing itself.
- A **high severity** defect indicates that the error prevents critical system functionality from being delivered, and no workaround exists.
- A **medium severity** defect generally indicates an error that prevents critical system functionality, but for which a complex workaround exists.
- A **low severity** defect indicates either that critical functionality is not threatened, or an easy workaround exists.
- A **cosmetic** defect indicates that no critical or significant functionality is threatened.

The defect analysis may find several possible reasons for errors in the test results:

- The tester may not have correctly understood the test scenario. In this case the review team arranges for additional training to be provided and returns the test case for re-testing.

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- Errors in hardware or the technical environment may have caused errors. The review team refers the errors to the HIX-IT technical staff for correction, and returns the test case for re-testing.
- There may be an error in the design of the test case. The review team corrects the test case, updates the case plan, and returns the case for retesting.
- Corrupt or inaccurate data in the test database or reference files may cause an unexpected result. In this case the review team refers the case to a HIX-IT Database Administrator (DBA) for correction. The DBA attempts to find the source of the corruption and repairs the data. If the cause of the corruption is systematic, the DBA refers the case to the technical team for review and correction of the problem.
- The software may not be functioning as designed or required.
- Etc.

6.4 IV&V TESTING METRICS AND REPORTING

The testing metrics design and reporting formats will be developed in concert with project management staff, and will be included in the IV&V Master Test Plan. We propose to track the following items. We anticipate that the ALM system will facilitate many of these items, and they will be adjusted to reflect ALM capabilities.

IV&V Test Development:

The number of test cases required according to the IV&V Master Test Plan

The number of test cases or scripts in development

The number of test scripts completed

Projection of completion date for all scripts, given the average time to write a test

IV&V Test Execution:

The number of test cases initiated by a given time

The number of test cases that passed by a given time

The number of test cases that have failed

Projected completion date given the average time to conduct a test

The number of defects that were found by a given time by:

Subsystem

Type

Severity

Priority

The number of defects that were fixed by a given time by:

Subsystem

Type

Severity

Priority

The number of defects outstanding by:

Subsystem

Type

Severity

Priority

The number of defects in re-tests and regression test by:

Subsystem

Type

Severity

Priority

The number of defects closed, with successfully completed regression test

The number of defects re-opened, with unsuccessful regression test

The rate of defect identification

The defect fix rate

The net defect fix rate after accounting for regression test failure

Projected completion date given the rate of defect identification and the net fix rate

The average time between failures

Defect density per unit (the module where the defects are found)

Standard reporting is designed to identify a variety of potential risks and problems in the testing and error repair processes. A major risk in any testing process is the continued re-cycling of errors. This can happen when repair efforts are not well organized or the skill of those repairing the errors is inadequate. In some cases the fixes create new errors, and in others the specified errors are not fixed adequately.

The IV&V contractor will prepare periodic IV&V Test Execution and Status Reports during the system testing phase to evaluate the status of test execution. We will also evaluate the test results obtained from OIS, which includes test cases and logs with the following information:

Test Tracking Number (from test matrix)

Test Name and Date Written

Hardware/Software Configuration Levels

Detailed Test Procedure

Tester's Name and Date Executed

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Pass/Fail

Failure Reason

Defect Tracking Number (If any defects were found)

The periodic IV&V Test Execution and Status Report will include the following key components:

Objective of the Status Report

Description of Scenarios

Test Data

Test Results

Number of Total Tests to be Conducted for the Project

Number of Tests Per High Risk or New Code Area of the System

Number of Tests Conducted, Completed and Awaiting Re-test

Types of Defects Correlated to the Areas of Test

Summary of the Results of each Test

The IV&V Test Execution and Status Report will also reference items specific to the Security Testing, including the following:

Security Test Scenarios

Test Data

Test Results

Number of Total Tests to be Conducted for the Project

Number of Tests per High Risk or New Code Areas of the System

Number of Tests Conducted, Completed and Awaiting Re-test

Types of Defects Correlated to the Areas of Test

Summary of the Results of each IV&V Test

7. RISK MANAGEMENT

Establishment of a proven, repeatable, and reliable process for Risk (and Issue) Management is the final step in the development of a robust Quality Management System.

The purpose of Risk Management is to programmatically identify, analyze, and then respond to risk and issues. This section of the QMP introduces the concepts of risk/issue management and describes the components of the risk/issue management approach and methodology. This section also provides an initial description of the risk management processes that are recommended for use on the Oregon Exchange project. Many aspects of the recommended risk/issue management process have been implemented in the ongoing the Oregon Exchange Risk, Issue, Decision (RID) management process. This current process includes the ongoing management of risks identified by the monthly independent QA activities.

Risk management planning involves establishing processes for the continuous assessment of project risks based on the potential impact a risk can have on the project, and the probability that the risk will actually occur and affect the project. By concentrating on risks with the highest project impact and highest likelihood of actually occurring, the Oregon Exchange Team can focus response activities to the most critical risks.

The best way to prevent risks from impacting the project is to implement a structured plan to identify risks and track them to successful mitigation. Everyone on the project is responsible for identifying risks and establishing a process for communicating, tracking, and monitoring project risks. Risks will be identified at the beginning of the project and continuously throughout all phases of the project.

Risks are actions or events that have the potential to negatively affect the project. There are risks in all projects, and the Oregon Exchange is no exception. There is no way to prevent risk; one can only work to control risk, to reduce risk, or to manage the effect of risk. Acceptance of the inevitability of risk is the first step toward actively controlling and mitigating the results of risk. In a project environment, risks that are not mitigated may transition into issues, and issues are problems. Issues are events that have occurred and therefore need to be actively managed.

Risk management will consider a broad variety of potential areas of risk, including the following:

- Scope & Schedule
- Project Management
- Cost
- Staffing
- Organizational
- Systems
- Quality
- Political
- External Factors

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7.1 RISK IDENTIFICATION

The first step in risk management is to perform a concentrated effort to identify and quantify potential risks on the project. Early identification of risks is important in order to enable the largest range of possible mitigation options. Early identification also allows a longer time to monitor, evaluate and modify mitigation efforts if there is little evidence of risk reduction.

The MAXIMUS Initial Risk Assessment Report, dated August 1st, 2012, identified a number of potential risks to the Oregon Exchange. The initial QA Risk Assessment will be used as the basis for risk identification. Ongoing risk identification will be accomplished by subsequent QA assessments, periodically reviewing the project risk log and fostering an overall project culture that it is everyone's responsibility to identify and document project risks and issues.

7.2 RISK ANALYSIS

Once a risk has been identified, there must be a process for categorizing the risk, evaluating its impact, and determining the appropriate actions to be taken with regard to the risk. The Oregon Exchange will utilize the following risk analysis processes:

Risk Assessment - Risk assessment includes the labeling and categorization of the risk as well as determination of specific values for the probability, impact, priority, and owner of the new risk. Risk management involves the continuous assessment of project risks based on the potential impact a risk can have on the effort and the probability that the risk will actually occur and affect the project.

Risk Mitigation Planning – Once each risk assessment is complete, the Oregon Exchange will define and document specific risk mitigation activities for each risk. Risk mitigation planning may include activities such as research, risk validation, and/or detailed corrective action plan. Potential risk responses include the following:

Risk Avoidance: Risk avoidance includes actions such as changing the project plan to eliminate the threat of a specific risk event. Although the project team can never eliminate all risk events, some specific risks may be avoided. Creativity is often required in order to come up with proper risk avoidance strategies.

Risk Transference/Deflection: Risk transference/deflection is seeking to shift the consequence of a risk to a third party via a contract provision with a third party, through an insurance policy, or a contractor warranty. This third party also takes ownership of the risk response. It is important to note that transferring the risk to another party does not eliminate it.

Risk Mitigation: Risk mitigation is reducing the probability and/or the consequences of an adverse risk event to an acceptable threshold. Taking early action to reduce the probability of a risk occurring or its impact on the project is more effective than trying to repair the consequences after it has occurred.

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Mitigation costs should be appropriate, given the probability of the risk and its potential consequences.

Risk Acceptance: This is a risk response strategy that prepares for, and deals with, the consequences of a risk event – either actively (developing a contingency plan) or passively (accepting the consequences). There is no plan on the part of the team to take action on this risk.

7.3 RISK TRACKING / MONITORING

Per the Oregon Exchange Risk Management Plan, once a risk has been defined, each risk will be carefully tracked and monitored. This will process will be managed through the project risk log, which will be reviewed in a formal risk management meeting on a periodic basis. Risk monitoring continues over the life of the risk, until the risk is ultimately closed or otherwise resolved.

Risk tracking includes the measurement of mitigating actions to determine their effectiveness on reducing risk. Tracking also involves continuous reassessment of risk areas and providing feedback on risk actions through formal status reporting to oversight managers.

As risks change over time, so may the risk mitigation recommendations. Risks are monitored and tracked after a mitigation technique is identified and implemented to ensure that the risk is responding as anticipated or desired. It is conceivable that the mitigation technique is not effective and could actually make the risk worse. The keys to tracking risk are:

- Identifying metrics to monitor and analyze risks
- Defining specific reporting cycles for the metrics
- Measuring the effectiveness of the technique, and continually reassessing the risk to determine if additional mitigation is required

7.4 RISK LOG

Careful documentation is critical to the effective management of project risks (and issues). The project has implemented a risk/issue tracking log to track the current description and status of all relevant project risks and issues. It is planned that each issue/risk will include the associated information. The recommended associated information is listed in the table below:

	ID	A unique identification number, assigned sequentially to each log entry	Field is automatically assigned by database

	Status	Drop down list	Active Resolved Closed
	Title	User entered Risk/Issue Title	Open text (255 characters max)
	Description	Brief narrative describing factors affecting scope, analysis, or response determination. Include trigger event(s) that will require escalation of the risk or change risk to an issue.	Open text, multiple lines (Unlimited characters).
	Issue or Risk	Issue or Risk	Risk Issue
	Impact	Project Impact or Severity Rating Describes the effect of the risk or issue on the project	See appendix B for values.
	Probability of Occurrence	Likelihood the risk will occur	See appendix B for values.
	Mitigation Strategies	Description of strategy how this particular risk will be handled – what, when, by who and how will it be done to avoid it or minimize consequences if it becomes an issue	Open text, multiple lines (unlimited characters)
	Decision	Documents the general approach to responding to the risk or issue	Users can select one entry from the following drop-down values: Avoidance Acceptance Mitigation Transfer
	Date Identified	Date the risk/issue was opened	Users can select from dates on a calendar or type the MM/DD/YYYY value. The field defaults to the current day's value.
	Identified By	Person, situation or group responsible for identifying risk	Open text, multiple lines (unlimited characters)
	Owner	Name of person accountable for ensuring a risk/issue is resolved. All risks/issues must	Users can type in a name or names in this field.

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		have an assigned owner.	
	Assigned To	Name of person assigned to work with the Owner to conduct additional analysis or planning. All risks/issues must have an assigned party.	Users can select from a drop down list of available, current project team members.
	Target Date	Date the issue or risk should be resolved by, given the current circumstances.	Users can select from dates on a calendar or type the M/DD/YYYY value
	Last Action Date	Date that the last action was taken on this item.	Users can select from dates on a calendar or type the M/DD/YYYY value
	Next Action Date	The next date that the item should be reviewed.	Users can select from dates on a calendar or type the M/DD/YYYY value
	Closure Date	Date that the item was closed	Users can select from dates on a calendar or type the M/DD/YYYY value
	Related Action Items	A text field to list related Issues or Risks.	Open text, multiple lines (unlimited characters)

Most of these recommended fields have been implemented by the current the Oregon Exchange RID process.

8. QUALITY MANAGEMENT SCHEDULE

To be effective, the Quality Management Schedule must be fully integrated into the overall the Oregon Exchange schedule. The activities and tasks identified above, will be integrated into future versions of the Oregon Exchange schedule.

During this integration, the following guidelines will be followed:

Quality Management Topic	Schedule Guidelines
Quality Management Plan	• Integrate all agreed-upon Quality Management activities, tasks, deliverables and dependencies • Integrate annual updates to QMP activities
Quality Assurance	• Integrate staff education and empowerment activities • Integrate ongoing Internal QA activities • Integrate ongoing Independent QA activities • Integrate QA deliverable DED activities, as required
Quality Control	• Integrate staff education and empowerment activities • Integrate ongoing Internal QC activities, including internal peer and supervisory reviews of the Oregon Exchange artifacts. • Integrate Independent QC activities, including assessment of potential artifacts, identification of artifacts to be reviewed, definition of relevant standards, the Oregon Exchange submission, and Independent QC Review. • Integrate QC deliverable DED activities, as required
Independent Verification and Validation Testing	• Integrate staff education and empowerment activities • Integrate IV&V test prioritization, IV&V Master Test Plan development, IV&V test execution, and IV&V test reporting. • Integrate IV&V deliverable DED activities, as required
Risk Management	• Integrate staff education and empowerment activities • Integrate risk identification, analysis, tracking/monitoring, and logging

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9. APPENDIX A – QUALITY ASSURANCE STANDARDS

The following is the initial set of Quality Assurance Standards (QS) to be used by the project, and in the Monthly Quality Status Reports. These standards were built upon the State "Generic Software Project Quality Assurance Standards" guidelines, dated 11/30/2006, as modified to meet the initial requirements of the Oregon Exchange project. The QA ID is unique and can be used to track each Quality Standard across multiple Monthly Quality Status Reports.

Category	QA ID	Quality Standard	Assessment Guidance	High	Medium	Low	Not Applicable	TBD
Business Mission and Goals								
	BMG-1	Mission	Are the business mission and goals well defined and approved by the board?					
	BMG-2		Do the mission and goals clearly map to the operation plan?					
	BMG-3		Do HIX-Corp and HIX-IT have aligned mission and goals?					
	BMG-4		Are there metrics established to monitor that the goals are being achieved?					
Exchange Operations								
	EO-1	HIX Exchange non-HIX-IT planning and operations	Is the Oregon Exchange schedule created using proper inputs (WBS, Scope and roadmap priority, sequencing, dependencies etc)?					
	EO-2		Is the date for delivery set by reasonable project commitment process?					
	EO-3		Is schedule control being accomplished? Is it effective?					
	EO-4		Are delivery dates firm and remaining stable?					
	EO-5		Is the schedule integrated/aligned with the HIX-IT schedule?					
Scope								

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Category	QA ID	Quality Standard	Assessment Guidance	High	Medium	Low	Not Applicable	TBD
	Sc-1	Definition of the Project	Are scope planning, scope change control being accomplished? Are they effective?					
	Sc-2		Is the scope prioritized? Is that priority communicated to the organization and HIX-IT?					
	Sc-3		Is there a product road map that clearly identifies releases of the exchange over time?					
	Sc-4		Will the system be delivered with a design that meets the intended requirements?					
	Sc-5		Is contingency planning taking place? Is it sufficient?					
	Sc-6		Are changes to scope reviewed and approved by the change control board?					
Schedule								
	Sch-1	Schedule Development and Monitoring	Is the Oregon Exchange schedule created using proper inputs (WBS, Scope and roadmap priority, sequencing, dependencies etc)?					
	Sch-4		Is the date for delivery set by reasonable project commitment process?					
	Sch-2		Is schedule control being accomplished? Is it effective?					
	Sch-3		Are delivery dates firm and remaining stable?					
	Sch-5		Is the schedule integrated/aligned with the HIX-IT schedule?					
Budget								
	Bud-1	Budget Size	Is there a current budget plan up to the launch of the exchange? Is it based on reasonable assumptions?					

Category	QA ID	Quality Standard	Assessment Guidance	High	Medium	Low	Not Applicable	TBD
	Bud-3	Total Cost (Budget)	Is the actual budget expected to be within X percent of target?					
	Bud-2	Cost Controls	Are cost estimating, budgeting and cost controls being accomplished? Are they effective?					
Funding								
	Fun-1	Grant Funding	Is additional grant funding available for project launch if necessary?					
	Fun-2	Business Model	Has the business model (post go live) clearly articulated the potential risks and realistic mitigation strategies?					
	Fun-3		Has the business model (post go live) clearly shown revenue projections for a variety of take up rates or sales?					
	Fun-4		Has the business model (post go live) clearly shown cost projections for a variety of take rates or sales?					
	Fun-5	Business Plan	Is the business model (post go live) been vetted and approved by the board?					
Board Governance								
	G-1	Board	Is the board of directors in place and is it configured to meet the mission of the Oregon Exchange?					
	G-2		Does the board have written policies on its operation and responsibilities?					
	G-3		Are there any obvious conflicts of interest between the board members and any vendors, management or staff?					
	G-4		Is there an operational governance structure that is well documented and followed?					

Category	QA ID	Quality Standard	Assessment Guidance	High	Medium	Low	Not Applicable	TBD
Executive Leadership								
	EL-1	Steering Committees	Are the strategic and tactical steering committees in place and functioning?					
	El-2		Are roles and responsibilities between agencies clear and well defined?					
	EL-3		Is there a mechanism to resolve disagreements within the tactical and strategic steering committees? Is it effective?					
Organizational Management								
	OM-1	Organization Roles and Responsibilities	Is the organization set up functionally, W,M,S matrix or by project? Are roles and responsibilities well defined and understood?					
	OM-2		Do policies, standards and procedures exist for the organization?					
Human Resources								
	HR-1	Executive Skill Set	Does the executive team have a skill set commensurate with the requirements of the operation?					
	HR-2	Human Resources	Is Human Resource Planning being accomplished?					
	HR-3		Is the project acquiring, developing and managing the project team effectively?					
	HR-4		Are there skill set gaps with the current staff that need addressed?					
	HR-5		Do team members believe they are being utilized effectively and have good morale?					

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Category	QA ID	Quality Standard	Assessment Guidance	High	Medium	Low	Not Applicable	TBD
Stakeholder Management								
	SM-1	Stakeholders	Is there an ongoing stakeholder consultation plan?					
	SM-2		Are the stakeholders clearly identified for the exchange and are they involved in an organized way?					
	SM-3		Is there a process to identify the needs of the stakeholders and have their input validated and incorporated into the requirements? Is it effective?					
Communication								
	CM-1	Planning	Is planning for communications, information distribution, and performance reporting accomplished in a consistent and reliable? Is it effective?					
	CM-2		Is the communication and reporting to staff, stakeholders, the public, legislature, and CMS consistent? Is it effective?					
Project Management								
	PM-1	PM Approach	Are project planning, plan execution and project change control being accomplished? Are they effective?					
	PM-2		Is the Project being controlled and monitored? Is it effective?					
	PM-3		Is there a clear roadmap for releases and is this roadmap integrated into the development schedule of both the Oregon Exchange and HIX-IT?					
	PM-4	Risk/Issue Mgmt	Are risk management planning, risk identification, and analysis mitigation being accomplished? Are they effective?					
Contract Management								

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Category	QA ID	Quality Standard	Assessment Guidance	High	Medium	Low	Not Applicable	TBD
	CM-5	Contracts	Are the vendor(s) contracts written/coordinated in a manner that ensures that the deliverables are complimentary to the project plan?					
	CM-6		Is there a formal process to review vendor deliverables per SOW's? Is it effective?					
Product Content								
	PC-1	Rqmts	Is there an organized process for gathering, defining, identifying changes and updating the requirements? Is it effective?					
	PC-2		Do requirements exhibit the following characteristics: Are the requirements organized by functional and non-function categories? Are the requirements uniquely identified? Are the requirements clear and specific enough to be the basis for detailed design specs and functional test cases?					
	PC-3		Are all non-functional requirements defined, such as for performance constraints, user connectivity, scalability, safety, availability, and maintainability?					
	PC-4		Does the system requirements identify financial controls? Are the controls based on a industry standard framework?					
	PC-5	User Involvement	Does a plan exist to identify the needs, goals and requirements of the user community and to gain involvement and guidance from user					

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Category	QA ID	Quality Standard	Assessment Guidance	High	Medium	Low	Not Applicable	TBD
			groups?					
	PC-6	User Acceptance	Does the project encompass activities for requirements validation with users (internal and external)?					
	PC-7	Policy and rule change mgmt	Are policy and/or rule changes identified as they arise and is there a process for tracking and ensuring they get acted upon?					
Testing								
	Test-1	Testability	Are requirements acceptance test plans defined and reviewed?					
	Test-3	Test Plan	Is there a test schedule with resources identified for planned testing?					
	Test-5		Have test results been reviewed and all issues resolved?					

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10. APPENDIX B – RISK RATING LEGEND

The following risk rating rubric will be applied to all quality-related work:

Probability

	Probable/Eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/Likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
	Possible/Unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT			
		Low	Med	High
	High	MED		
	Med		MED	
	Low			MED

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11. APPENDIX C – QUALITY CHECKLISTS

This section of the QMP briefly introduces the initial set of Quality Checklists to be used during the QC processes for the Oregon Exchange. These checklists are representative and serve as a starting point for the assessment of a variety of standard, project foundational documents. Final versions of the checklists will be determined through a QC statement of work. Initial QC assessment checklists have been provided for the following artifacts:

1. Organizational Charter
2. Project Management Plan
3. Project WBS & Schedule
4. Risk Management Plan
5. Communication Plan
6. Requirements Management Plan
7. Requirements Documentation
8. Training Plan
9. Testing Plan
10. Financial Management Plan
11. Change Management Plan

Each checklist includes specific evaluation criteria for both content and format of the specific artifact. Additional checklists may be required, depending on the specific project documented being subjected to independent QC review. Prior to its use, each checklist will be reviewed and further refined to meet the specific needs of the Oregon Exchange and/or HIX-IT project.

11.1 ORGANIZATIONAL CHARTER ASSESSMENT CHECKLIST

Organizational Charter Assessment Checklist helps verify that project charter is sufficiently detailed and complete.

	ORGANIZATIONAL CHARTER CONTENT
1.	Does the charter document the business need(s) for the project?
2.	Does the charter document the current understanding of the customer's needs?
3.	Does the charter document at a high-level the product(s) and/or service(s) that will satisfy the project?
4.	Does the charter provide project purpose or justification?
5.	Does the charter provide measurable project objectives and related success criteria?
6.	Dose the charter provide High-level requirements?
7.	Does the charter provide High-level project description?
8.	Does the charter provide High-level risks?
9.	Does the charter contain a summary milestone schedule?
10.	Does the charter contain a summary budget?
11.	Does the charter contain project approval requirements, what constitutes project success?

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12.	Does the charter contain project approval requirements, who signs off on the project?
13.	Does the charter assign a project manager?
14.	Does the charter establish the project manager's responsibility?
15.	Does the charter establish the project manager's authority level?
16.	Does the charter name and give authority to the sponsor(s) of the project?
17.	Does the charter name and give authority to other person(s) authorized for the project?
	PROJECT CHARTER FORMAT
1.	Does the Charter follow the Oregon Exchange standard template? (e.g. MS Project, Word or PPT)
2.	Does the Charter provide a complete and clearly understandable schedule?
3.	Does the Charter have formatting or cosmetic errors such as typos, spelling, grammar, or spacing?
4.	Are the Charter's graphical representations labeled correctly and follow the correct narrative?
5.	Does the Charter have a consistent page numbering?
6.	Does the Charter have consistent headers and footers?
7.	Does the Charter have consistent color scheme, font, and look and feel?
8.	Does the Charter have consistent tables (look and feel such as color and font)?

11.2 PROJECT WBS & SCHEDULE ASSESSMENT CHECKLIST

Project WBS & Schedule Assessment Checklist helps verify that project schedule has reasonable activities, tasks, milestones, duration, resources, and constraints to create a well-developed project schedule.

	PROJECT WBS & SCHEDULE CONTENT
1.	Does the Schedule include a planned or a target start date and a planned or a target finish date for each activity?
2.	Is the schedule presented in a graphical form using one or more of the following: Milestone charts, Bar charts, Project schedule network diagrams?
3.	Is the project schedule consistent with the WBS and the staffing requirements?
4.	Is an appropriate project management package being utilized?
5.	Have appropriate reports been prepared (Gantt, PERT, etc.)?
6.	Is the project schedule identified by version number and date?
7.	Has an initial baseline version been preserved?
8.	Have all appropriate tasks been identified?
8.	Is there a workday estimate and duration for each task?
10.	Are estimates based in whole or in part on the Project Estimating Guidelines?
11.	Is there a workday estimate and duration for each task?
12.	Have large tasks been sub-divided appropriately (i.e., sub-tasks of two weeks or less)?

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13.	Has the effect of the learning curve been taken into account in estimating and assigning staff to specific tasks?
14.	Have detailed estimates been compared to original, proposed estimates?
15.	Have administrative tasks been included?
16.	Have quality assurance tasks been included?
17.	Have contingencies been included?
18.	Is the Work Breakdown Structure identified by version number and date?
19.	Have appropriate product upgrade requirements been included in the WBS?
20.	Have Oracle's product release levels been discussed and integrated into the project plan?
21.	Has a Gantt chart been produced?
22.	Has the project been broken down into work-packages?
23.	Does the schedule correspond with the available resources?
24.	Has training been included in the schedule?
25.	Does the schedule include induction time for new project members?
26.	Are there defined milestones?
27.	Are dates defined for these milestones?
28.	Does the WBS define 100% of the scope of the project? Has the decomposition of the project scope produced all the work packages that are necessary and sufficient to achieve project objectives?
29.	Have the work packages been properly decomposed into schedule activities/tasks?
30.	Have activities/tasks been decomposed to a level no less than 8 hours and no more than 80 hours?
31.	Is each activity/task clearly and succinctly stated?
32.	Has project work been defined under the appropriate Oregon Project Planning and Management Life Cycle phases?
33.	Have schedule activities/tasks been sequenced to most efficiently delivers project results?
34.	Does the schedule include elapsed time for deliverable review and turnaround?
35.	Is there appropriate schedule contingency around critical points (e.g., major milestones, customer dependencies, subcontractor dependencies, resource start dates, acceptance periods, customer decision points)?
36.	Does the schedule take into consider holidays, alternative work schedules, and vacations?
37.	Does the schedule contain project management deliverables at the second WBS level?
38.	Does the schedule capture recurring project management activities, such as Project Team meetings and status reporting?
39.	Has the work effort associated with each activity/task been estimated?
40.	Does every activity/task have an assigned resource?
41.	Have dependencies amongst activities/tasks been identified and linked?
42.	Are milestones clearly marked for each deliverable and each phase of the project?

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43.	Are predecessors/successors identified?
44.	Have schedule control processes been identified and implemented, if appropriate?
45.	Has the schedule's critical path been identified?
46.	Is there appropriate schedule contingency for WBS elements on or near the critical path?
47.	Have resources work assignments been leveled to reflect a reasonable effort of work?
48.	Has the *Project Schedule* been approved and baselined?
49.	Has a WBS Dictionary been created?
50.	Is there a consistent and manageable level of detail within each layer?
51.	Can the schedule be used by the team to manage the project and be kept up to date (i.e., not just used as decoration)?
52.	Does the schedule include elapsed time for deliverable review and turnaround?
52.	Are the schedules easy to read: simple, straightforward and uncluttered, producing clarity rather than confusion?
	PROJECT WBS & SCHEDULE FORMAT
1.	Does the Schedule follow the Oregon Exchange standard template? (e.g. MS Project, Word or PPT)
2.	Does the Schedule provide a complete and clearly understandable schedule?
3.	Does the Schedule have formatting or cosmetic errors such as typos, spelling, grammar, or spacing?
4.	Are the Schedule's graphical representations labeled correctly and follow the correct narrative?
5.	Does the Schedule have a consistent page numbering?
6.	Does the Schedule have consistent headers and footers?
7.	Does the Schedule have consistent color scheme, font, and look and feel?
8.	Does the Schedule have consistent tables (look and feel such as color and font)?

11.3 RISK MANAGEMENT PLAN ASSESSMENT CHECKLIST

Risk Management Plan Assessment Checklist helps verify that project risk management plan is sufficiently detailed and complete.

	RISK MANAGEMENT PLAN CONTENT
1.	Does the Plan identify the methodology used to perform risk management on the project? Methodology may include approaches, tools, and data sources.
2.	Does the Plan define the roles of the lead for each type of activity in the plan?
3.	Does the Plan define the responsibilities of the lead for each type of activity in the plan?
4.	Does the Plan define the roles of the support for each type of activity in the plan?
5.	Does the Plan define the responsibilities of the support for each type of activity in the plan?
6.	Does the Plan define the roles of the risk management team for each type of activity in the

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	plan?
7.	Does the Plan define the responsibilities of the risk management team for each type of activity in the plan?
8.	Does the Plan identify the assign resources for the risk management process?
9.	Does the Plan identify the estimated funds needed for the risk management process?
10.	Does the Plan identify when and how often the risk management process will be performed throughout the project life cycle?
11.	Does the Plan establish protocols for application of schedule contingency reserves?
12.	Does the Plan establish risk management activities that are included in the project schedule?
13.	Does the Plan provide a risk category structure that ensures a comprehensive process of systematically identifying risks to a consistent level of detail and contributes to the effectiveness and quality of the identified risk process?
14.	Does the Plan provide the definitions of risk probability and impact?
15.	Does the Plan contain a probability and impact Matrix?
16.	Does the Plan contain the stakeholders' tolerances? Which may be revised in the plan risk management process?
17.	Does the Plan contain the reporting formats for how the outcomes of the risk management processes will be documented, analyzed, and communicated?
18.	Does the Plan contain how the tracking for the risk activities will be recorded?
19.	Have the critical risks/issues been assigned in order to get complete resolution?
24.	Has a risk and issue log been set up for the project?
25.	Has an issue tracking utility been installed on the client system?
28.	Have issues been cross-referenced to other appropriate documentation?
29.	Have all issues been assigned to someone for investigation and resolution?
32.	Does the issue log support establishment of timeliness?
31.	Is there a formal process for bringing project risks to the attention of consulting management?
32.	Is there a formal process for bringing project risks to the attention of client management?
33.	Does the plan clearly outline the process for escalating Issues and Risks?
	RISK MANAGEMENT PLAN FORMAT
1.	Does the Plan's document information include the proper document title?
2.	Does the Plan's document information include the proper project name?
3.	Does the Plan's document information include a submission date?
4.	Does the Plan's document information include a version number of the document?
5.	Does the Plan's document information identify the author?
6.	Does the Plan's document information identify the original creation date?
7.	Does the Plan's document information identify the last time the document was saved?

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8.	Does the Plan's document information identify the acceptance or approval date?
9.	Does the Plan have a history revision section identifying all updates and the dates the updates were made?
10.	Does the Plan have a purpose or introduction section identifying the reason and expectation for the document?
11.	Does the Plan have a table of content identifying all major sections?
12.	Does the Plan have samples for any tools identified in the document?
13.	Does the Plan have templates for any forms which were identified for use in the document?
14.	Does the Plan have an assumption section identifying any assumptions the author is assuming about risk management?
15.	Does the Plan identify any differences in the treatment of risks vs. issues?
16.	Does the Plan have samples for any tools identified in the document?
17.	Does the Plan have templates for any forms which were identified for use in the document?
18.	Does the Plan follow the Oregon Exchange standard template? (e.g. MS Word or PPT)
19.	Does the Plan provide a complete and clearly understandable communication plan?
20.	Does the Plan have formatting or cosmetic errors such as typos, spelling, grammar, or spacing?
21.	Are the Plan's graphical representations labeled correctly and follow the correct narrative?
22.	Does the Plan have a consistent page numbering?
23.	Does the Plan have consistent headers and footers?
24.	Does the Plan have consistent color scheme, font, and look and feel?
25.	Does the Plan have consistent tables (look and feel such as color and font)?

11.4 COMMUNICATION PLAN ASSESSMENT CHECKLIST

Communication Plan Assessment Checklist helps verify that project communication plan is sufficiently detailed and complete.

	COMMUNICATIONS PLAN CONTENT
1.	Does the Plan identify all the stakeholder communication requirements?
2.	Does the Plan identify the information to be communicated, including language, format, content, and level of detail?
3.	Does the Plan identify the reason for the distribution of the information to be communicated?
4.	Dose the Plan identify the time frame and frequency for the distribution of required information to be communicated?
5.	Does the Plan identify the person responsible for communicating the information to be communicated?
6.	Does the Plan identify the sensitivity of the information to be communicated in the required communications?
7.	Does the Plan identify the person responsible for authorizing the release of confidential

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	information in the required communications?
8.	Does the Plan identify all persons or groups who will receive the information such as stakeholder groups, Key Stakeholders, Contactors, and/or Contractor groups?
9.	Does the Plan identify the methods or technologies used to convey the information, such as memos, e-mail, and/or press releases?
10.	Does the Plan identify the resources allocated for communication activities, including time and budget?
11.	Does the Plan document the escalation process including time frames and the management chain (names) for escalation of issues that cannot be resolved at a lower staff level?
12.	Does the Plan document the method for updating and refining the communications management plan as the project progresses and develops?
13.	Does the Plan contain Glossary of common terminology so that everyone has a common understanding of the terms?
14.	Does the Plan contain flow charts of the information flow in the project, workflows with possible sequence of authorization, list of reports, and meeting plans?
15.	Does the Plan explain the communication constraints, usually caused by specific legislation or regulation, technology and organizational policies?
16.	Does the Plan contain guidelines and templates for project status meetings?
17.	Does the Plan contain guidelines and templates for project team meetings?
18.	Does the Plan contain guidelines and templates for e-meetings?
19.	Does the Plan contain guidelines and templates for e-mail?
20.	Does the Plan contain guidelines and templates for the use of the project website?
21.	Does the Plan contain guidelines and templates for use of the project management software?
22.	Does the Plan contain guidelines and templates for the use of the Oracle Unified Method 5.5.0?

COMMUNICATIONS PLAN FORMAT

1.	Does the Plan's document information include the proper document title?
2.	Does the Plan's document information include the proper project name?
3.	Does the Plan's document information include a submission date?
4.	Does the Plan's document information include a version number of the document?
5.	Does the Plan's document information identify the author?
6.	Does the Plan's document information identify the original creation date?
7.	Does the Plan's document information identify the last time the document was saved?
8.	Does the Plan's document information identify the acceptance or approval date?
9.	Does the Plan have a history revision section identifying all updates and the dates the updates were made?
10.	Does the Plan have a purpose or introduction section identifying the reason and expectation for the document?
11.	Does the Plan have a table of content identifying all major sections?

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12.	Does the Plan have samples for any tools identified in the document?
13.	Does the Plan have templates for any forms which were identified for use in the document?
14.	Does the Plan follow the Oregon Exchange standard template? (e.g. MS Word or PPT)
15.	Does the Plan provide a complete and clearly understandable communication plan?
16.	Does the Plan have formatting or cosmetic errors such as typos, spelling, grammar, or spacing?
17.	Are the Plan's graphical representations labeled correctly and follow the correct narrative?
18.	Does the Plan have a consistent page numbering?
19.	Does the Plan have consistent headers and footers?
20.	Does the Plan have consistent color scheme, font, and look and feel?
21.	Does the Plan have consistent tables (look and feel such as color and font)?

11.5 REQUIREMENTS MANAGEMENT PLAN ASSESSMENT CHECKLIST

Requirements Management Plan Assessment Checklist helps assess if requirements management plan is sufficiently detailed and complete.

	REQUIREMENTS MANAGEMENT PLAN CONTENT
1.	Does the plan clearly document how the requirements will be analyzed?
2.	Does the plan clearly document how the requirements will be documented?
3.	Does the plan clearly document how the requirements will be managed thought the project?
4.	Does the plan indicate how requirements activities will be planned?
5.	Does the plan indicate how requirements activities will be tracked?
6.	Does the plan indicate how requirements activities will be reported?
7.	Does the plan include the configuration management activity of how changes to the product or resulting requirements will be initiated?
8.	Does the plan include the configuration management activity of how service or resulting requirements will be initiated?
9.	Does the plan include how configuration management activities impacts will be analyzed?
10.	Does the plan include how configuration management activities impacts will be traced, tracked, and reported?
11.	Does the plan include levels of authorization for the changes caused by configuration management activities?
12.	Does the plan include the requirement prioritization process?
13.	Does the plan include the product metrics that will be used and the rationale for using these metrics?
14.	Does the plan include which requirements attributes will be captured on the traceability matrix?

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15.	Does the plan include which other project documents requirements will be traced?
16.	Has the impact of software on the system and environment been specified?
17.	Has the impact of the environment on the software been specified?
18.	Does the Requirements Document conform to standards?

REQUIREMENTS MANAGEMENT PLAN FORMAT	
1.	Does the Plan follow the Oregon Exchange standard template? (e.g. MS Project, Word or PPT)
2.	Does the Plan provide a complete and clearly understandable schedule?
3.	Does the Plan have formatting or cosmetic errors such as typos, spelling, grammar, or spacing?
4.	Are the Plan's graphical representations labeled correctly and follow the correct narrative?
5.	Does the Plan have a consistent page numbering?
6.	Does the Plan have consistent headers and footers?
7.	Does the Plan have consistent color scheme, font, and look and feel?
8.	Does the Plan have consistent tables (look and feel such as color and font)?

11.6 REQUIREMENTS DOCUMENTATION ASSESSMENT CHECKLIST

Requirements Analysis Assessment Checklist helps assess if requirements documentation is sufficiently detailed and complete.

REQUIREMENTS DOCUMENTATION CONTENT	
1.	Does the Requirements Document contain everything listed in the corresponding documentation content?
2.	Does the Requirements Document include all requirements relating to functionality, performance, constraints, safety, and so on?
3.	Does the Requirements Document include all user requirements?
4.	Does Requirements Document define those requirements for which future changes are anticipated?
5.	Do the functional requirements cover all abnormal situations?
6.	Are the time-critical functions identified and the time criteria for them specified?
7.	Does the time criteria for time-critical functions include the maximum and minimum times for their execution?
8.	Are all normal environmental variables included?
9.	Are the environmental conditions specified for all operating modes (for example, normal, abnormal, disturbed)?
10.	Do the interface requirements enable compatibility of external interfaces (hardware and software)?
11.	Is there internal consistency between the software requirements?

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12.	Is the Requirements Document free of contradictions?
13.	Are the specified models, algorithms, and numerical techniques compatible?
14.	Does the Requirements Document use standard terminology and definitions throughout?
15.	Is the Requirements Document compatible with the operational environment of the hardware and software?
16.	Has the impact of software on the system and environment been specified?
17.	Has the impact of the environment on the software been specified?
18.	Does the Requirements Document conform to standards?
19.	Are algorithms and regulations supported by appropriate literature?
20.	What evidence is there that shows the contractor has applied the regulations correctly?
21.	Does the Requirements Document define the required responses to all expected types of errors and failure modes identified by the hazard analysis?
22.	Were the functional requirements analyzed to check if all abnormal situations are covered by system functions?
23.	Does the Requirements Document reference desired development standards?
24.	Does the Requirements Document identify external interfaces in terms of input and output mathematical variables?
25.	Are the requirements for the man-machine interface adequate?
26.	What is the rationale for each requirement? Is it adequate?
27.	Is there justification for the design/implementation constraints?
28.	Will the design, operation, and maintenance of software be feasible?
29.	Are the specified models, numerical techniques, and algorithms appropriate for the problem to be solved?
30.	Can they be implemented within the imposed constraints?
31.	Are the quality attributes specified achievable individually and as a group?
32.	Are requirements organized so as to allow for modifications?
33.	Are there any redundant statements?
34.	Is there a set of rules for maintaining the Requirements Document for the rest of the software life cycle?
35.	Are there requirements for fault tolerance and graceful degradation?
36.	Is there traceability from the next higher-level specification?
37.	Does the Requirements Document show explicitly the mapping and complete coverage of all relevant requirements and design constraints, by such means as a coverage matrix or cross-reference?
38.	Is the Requirements Document traceable forward through successive development phases (for example, into the design, code, and test documentation)?
39.	Are safety functions or computer security functions flagged?

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40.	Does every requirement have only one interpretation?
41.	Are the functional requirements in modular form with each function explicitly identified?
42.	Is there a glossary of terms?
43.	Is formal or semiformal language used?
44.	Is the language ambiguous?
45.	Does the Requirements Document contain only necessary implementation details and no unnecessary details? Is it over specified?
46.	Are the requirements clear and specific enough to be the basis for detailed design specifications and functional test cases?
47.	Does the Requirements Document differentiate between project requirements and other information provided?
48.	Are the requirements verifiable (that is, can the software be checked to see whether requirements have been fulfilled)?
49.	Are mathematical functions defined using notation with precisely defined syntax and semantics?
50.	Is there a verification procedure defined for each requirement in the Requirements Document?
51.	Does the requirements adequate with the business goal of the project?
52.	Do the requirements include all requirements relating to functionality, performance, constraints, safety, and etc.?
53.	Do the requirements cover all user requirements
54.	Does the requirement conflict with some domain constraint, policies, or regulation?
55.	Does the requirement include premature design or implementation information?
56.	Is the requirement necessary?
57.	Does the requirement require non-standard hardware or must software be used?
58.	Is the requirement ambiguous, could different persons read it in different ways? What are the different interpretations for the requirement?
59.	Is the requirement realistic given the technology that will used to implement the system?
60.	Does the description of a requirement describe a single requirement or could it be broken into several different requirements?
61.	Has each requirement been assigned a priority?
62.	Are the system boundaries well defined?
63.	Have the portability, reliability, usability, and maintainability requirements for the system been respected?
64.	Was a System Architecture Model created?
65.	Was a behavioral or structural model for the system developed?
66.	Is the Data Dictionary implemented and correctly updated?
67.	Is the requirement testable by the developers and users?

REQUIREMENTS DOCUMENTATION FORMAT

1.	Does the Requirements Document information include the proper document title?
2.	Does the Requirements Document's information include the proper project name?
3.	Does the Requirements Document's information include a submission date?
4.	Does the Requirements Document s information include a version number of the document?
5.	Does the Requirements Document's information identify the author?
6.	Does the Requirements Document's information identify the original creation date?
7.	Does the Requirements Document's information identify the last time the document was saved?
8.	Does the Requirements Document's information identify the acceptance or approval date?
9.	Does the Requirements Document have a history revision section identifying all updates and the dates the updates were made?
10.	Does the Requirements Document have a purpose or introduction section identifying the reason and expectation for the document?
11.	Does the Requirements Document have a table of content identifying all major sections?
12.	Does the Requirements Document have an assumption section identifying any assumptions the author is assuming about the requirements?
13.	Does the Requirements Document follow the Oregon Exchange standard template? (e.g. MS Word or PPT)
14.	Does the Requirements Document provide a complete and clearly understandable communication plan?
15.	Does the Requirements Document have formatting or cosmetic errors such as typos, spelling, grammar, or spacing?
16.	Are the Requirements Document's graphical representations labeled correctly and follow the correct narrative?
17.	Does the Requirements Document have a consistent page numbering?
18.	Does the Requirements Document have consistent headers and footers?
19.	Does the Requirements Document have consistent color scheme, font, and look and feel?
20.	Does the Requirements Document have consistent tables (look and feel such as color and font)?

11.7 TRAINING PLAN ASSESSMENT CHECKLIST

Training Plan Assessment Checklist helps verify that the training plan is sufficiently detailed and complete.

	TRAINING PLAN CONTENT
1.	Have the skills and knowledge for each management, user, and technical role been identified?
2.	Is there a Training Plan that specifies these training needs?
3.	Has the organization's training policy for meeting training needs been identified?
4.	Is the organization's Training Plan developed and revised according to a documented procedure?
5.	Is training performed in accordance with the Training Plan?
6.	Are training materials consistent with the system documentation?

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7.	Have the training vehicles for imparting skills and knowledge been identified and approved?
8.	Are there procedures to track changes needed when training materials are inconsistent with system performance?
9.	Are training measurements used to initiate modifications to Training Plans and execution?
10.	Are operational measures used to initiate modifications to Training Plans and execution?
11.	Has mapping occurred to identify that all requirements and business and system processes are included in the Training Plan?
12.	Are training records properly maintained?
13.	Is there a glossary of terms?
14.	Have managers received orientation on the training program?
15.	Are measurements made and used to determine the status of the training program activities?
16.	Are operational measurements made and used to determine the need for training program changes?
17.	Do the measurements indicate the success of achieving training goals?
18.	Does a group responsible for fulfilling the training needs of the organization exist and is it available to support the project's training needs?
19.	Are there adequate resources and funding provided for implementing the training program?
20.	Are tools to support the training program activities available?
21.	Has appropriate training been planned and scheduled for consulting staff?
22.	Has appropriate training been planned for the client team members and support staff?
23.	Has appropriate training been planned for the client end-users?
24.	Do the training requirements for project team members include both project-related and non-project-related training? (Education, team building, other)
25.	Is training required for the development tools? Who will attend the training?

TRAINING PLAN FORMAT

1.	Does the Training Document information include the proper document title?
2.	Does the Training Document's information include the proper project name?
3.	Does the Training Document's information include a submission date?
4.	Does the Training Document s information include a version number of the document?
5.	Does the Training Document's information identify the author?
6.	Does the Training Document's information identify the original creation date?
7.	Does the Training Document's information identify the last time the document was saved?
8.	Does the Training Document's information identify the acceptance or approval date?
9.	Does the Training Document have a history revision section identifying all updates and the dates the updates were made?
10.	Does the Training Document have a purpose or introduction section identifying the reason and expectation for the document?
11.	Does the Training Document have a table of content identifying all major sections?

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14.	Does the Training Document have an assumption section identifying any assumptions the author is assuming about the requirements?
15.	Does the Training Document follow the Oregon Exchange standard template? (e.g. MS Word or PPT)
16.	Does the Training Document provide a complete and clearly understandable communication plan?
17.	Does the Training Document have formatting or cosmetic errors such as typos, spelling, grammar, or spacing?
18.	Are the Training Document's graphical representations labeled correctly and follow the correct narrative?
19.	Does the Training Document have a consistent page numbering?
20.	Does the Training Document have consistent headers and footers?
21.	Does the Training Document have consistent color scheme, font, and look and feel?
22.	Does the Training Document have consistent tables (look and feel such as color and font)?

11.8 TESTING PLAN ASSESSMENT CHECKLIST

Testing Plan Assessment Checklist helps verify that the testing plan is sufficiently detailed and complete.

	TESTING PLAN CONTENT
1.	Have the occurrence and timing of the test phases in the life cycle and the entrance and exit criteria for each test phase been identified?
2.	Have criteria for evaluating the test results of each test phase been established?
3.	Have detailed test scripts been prepared for each test case?
4.	Do testing materials conform to project standards?
5	Are discrepancies identified, added to the problem report, and problems resolved?
6.	For each type of test conducted, are the test results compared with the expected results?
7.	Has mapping occurred to identify which requirements are verified in what test phase?
8.	Are system and acceptance testing of the software planned and performed to demonstrate that the software satisfies its requirements?
9.	Has testing necessary to validate that the project requirements have been met been established?
10.	Is retesting required to verify that the problem solution eliminates the problem and does not introduce new errors?
11.	Has the Test Plan been reviewed with the system owner prior to conducting any tests?
12.	Is the testing plan adequate to verify the functionality of the software product?
13.	Is there a glossary of terms?
14.	Is formal or semiformal language used?
15.	Is the language ambiguous?
16.	Are all of the planned test activities documented?
17.	Have resources, project team responsibilities, and management activities needed to plan, develop, and implement the testing activities that will occur throughout the life cycle been

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	identified?
18.	Have the test products at each test phase been specified?
19.	Has the test environment (hardware, software, test tools, and data) needed to conduct the tests been determined?
20.	Has a schedule for executing the test activities been established?
21.	Are final test results accompanied by a completed test results/error log form?
22.	Is the testing approach feasible?
23.	Are the specified objectives of the test defined?
24.	Have all testing dependencies been addressed (driver function, hardware, etc.)?
25.	Has the testing environment been completely specified?
26.	Are test suspension and restart conditions defined?
27.	Is there sufficient test coverage to provide confidence that the component being tested operates correctly within its intended environment?
28.	Do the integration test procedures exercise each interface described in the corresponding design documents?
29.	Is the description of the function being tested, as documented in the test plan, complete and accurate?
30.	Are all test entrance and exit criteria sufficient and realistic?
31.	Are all items that are excluded from testing documented as such?
32.	Have all test deliverables been defined?
33.	Is the test plan complete, correct, and unambiguous?
34.	Are the desired levels of requirements and code coverage quantitatively specified?
35.	Are valid and invalid input conditions tested?
36	Have all pass/fail criteria been defined?
37.	Does the test plan outline the levels of acceptability for pass/fail and exit criteria (e.g., defect tolerance)?
38.	Have all test plan standards been followed?
39.	Does the test plan list all the specifications, standards, and documents necessary for its development?
40.	Is each requirement that is specified in the MES requirements exercised by the acceptance test plan?
41.	Has all test cases been traced back to individual requirements?
42.	Have all test plan standards been followed?
43.	Does the test plan list all the specifications, standards, and documents necessary for its development?
44.	Is each requirement that is specified in the MES requirements exercised by the acceptance test plan?
45.	Has all test cases been traced back to individual requirements?
46.	Are sufficient and proper test cases identified to re-verify previously tested related functions?
47.	Are all code changes sufficiently exercised, particularly interface modifications?

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48.	Have all resources been considered, both human and hardware/software?
49.	Has development of test facilities (scaffolding, drivers, etc.) been scheduled with adequate lead time?
50.	Has development or procurement of methods and tools been scheduled with adequate lead time?
51.	Are roles and responsibilities for all persons involved in the test activity identified?
52.	Are any possible resource contentions or availability restrictions considered?
53.	Is the level of testing to be conducted identified? (Module? Integration? System? Acceptance?)
54.	What test documentation (plans/specs) will be written?
55.	Will the customer be involved in any testing?

TESTING PLAN FORMAT

1.	Does the Testing Document information include the proper document title?
2.	Does the Testing Document's information include the proper project name?
3.	Does the Testing Document's information include a submission date?
4.	Does the Testing Document s information include a version number of the document?
5.	Does the Testing Document's information identify the author?
6.	Does the Testing Document's information identify the original creation date?
7.	Does the Testing Document's information identify the last time the document was saved?
8.	Does the Testing Document's information identify the acceptance or approval date?
9.	Does the Testing Document have a history revision section identifying all updates and the dates the updates were made?
10.	Does the Testing Document have a purpose or introduction section identifying the reason and expectation for the document?
11.	Does the Testing Document have a table of content identifying all major sections?
14.	Does the Testing Document have an assumption section identifying any assumptions the author is assuming about the requirements?
15.	Does the Testing Document follow the Oregon Exchange standard template? (e.g. MS Word or PPT)
16.	Does the Testing Document provide a complete and clearly understandable communication plan?
17.	Does the Testing Document have formatting or cosmetic errors such as typos, spelling, grammar, or spacing?
18.	Are the Testing Document's graphical representations labeled correctly and follow the correct narrative?
19.	Does the Testing Document have a consistent page numbering?
20.	Does the Testing Document have consistent headers and footers?
21.	Does the Testing Document have consistent color scheme, font, and look and feel?
22.	Does the Testing Document have consistent tables (look and feel such as color and font)?

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11.9 FINANCIAL MANAGEMENT PLAN ASSESSMENT CHECKLIST

Financial Management Plan Assessment Checklist helps verify that the financial management plan is sufficiently detailed and complete.

	FINANCIAL MANAGEMENT PLAN CONTENT
1.	Is the Finance Plan consistent with the WBS?
2.	Is the Finance Plan consistent with the project schedule?
3.	Is the Finance Plan consistent with the staffing requirements?
4.	Does the Finance Plan include labor items?
5.	Does the Finance Plan include expense items?
6.	Is the Resource Cost Plan based on rates approved by consulting management?
7.	Have expense policies for local resources been discussed with and agreed to by the client?
8.	Have expense policies for local resources been documented?
9.	Have expense policies for non-local resources been discussed with and agreed to by the client?
10.	Have billing rates and payment schedules been discussed with and agreed to by the client?
11.	Have expense policies for non-local resources been documented?
12.	Have billing rates and payment schedules been discussed with and agreed to by the client if project extensions exist or consulting fees increase?
13.	Does the Plan contain a well-defined and well written Financial Management Strategy section?
14.	Does the Plan have consistent a well-defined and well written Project Expense Policy and Reporting Process Section?
15.	Does the Plan have a consistent well defined and well written Invoice and Payment Tracking Process Section?
16.	Does the Plan have a consistent well defined and well written Financial Tracking System section?
17.	Does the Plan have a consistent well defined and well written Financial Reporting Requirements and Guideline section?
18.	Does the Plan have a consistent Open and Closed Issue section

	FINANCIAL MANAGEMENT PLAN FORMAT
1.	Dose the Plan use the UMO Financial Management Template?
2.	Does the Plan contain a TOC?
3.	Does the Plan contain a signoff section?
4.	Does the Plan follow the Oregon Exchange standard template? (e.g. MS Project, Word or PPT)
5.	Does the Plan provide a complete and clearly understandable schedule?
6.	Does the Plan have formatting or cosmetic errors such as typos, spelling, grammar, or spacing?
7.	Are the Plan's graphical representations labeled correctly and follow the correct narrative?
8.	Does the Plan have a consistent page numbering?
9.	Does the Plan have consistent headers and footers?
10.	Does the Plan have consistent color scheme, font, and look and feel?
11.	Does the Plan have consistent tables (look and feel such as color and font)?
12.	Does the Plan have consistent color scheme, font, and look and feel?

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13.	Does the Plan have consistent tables (look and feel such as color and font)?

11.10 CHANGE MANAGEMENT PLAN ASSESSMENT CHECKLIST

Change Management Plan Assessment Checklist helps verify that project change management plan is sufficiently detailed and complete.

	CHANGE MANGAGEMENT PLAN CONTENT
1.	Does the plan document clearly the approach the organization will use for managing change throughout the project?
2.	Does the plan identify the different types of changes that may be requested and considered for the project?
3.	Does the plan describe the Change Control Board (CCB)?
4.	Does the plan describe the purpose of the CCB?
5.	Does the plan identify the members of the CCB?
6.	Does the plan document the roles of the CCB members on the board?
7.	Does the plan document roles and responsibilities of project team members in regards to the change management process?
8.	Does the plan describe the change control process from beginning to end?
9.	Does the change control process meet organizational standards?
10.	Is the change control process repeatable?
11.	Do any assumptions apply to the procedure?
12.	What is the procedure if the customer requests a change to the contract?
13.	Who will submit the change into the change control process
14.	Is the change management process easily understood?

	CHANGE MANGEMENT PLAN FORMAT
1.	Does the Plan follow the Oregon Exchange standard template? (e.g. MS Project, Word or PPT)
2.	Does the Plan provide a complete and clearly understandable schedule?
3.	Does the Plan have formatting or cosmetic errors such as typos, spelling, grammar, or spacing?
4.	Are the Plan's graphical representations labeled correctly and follow the correct narrative?
5.	Does the Plan have a consistent page numbering?
6.	Does the Plan have consistent headers and footers?
7.	Does the Plan have consistent color scheme, font, and look and feel?
8.	Does the Plan have consistent tables (look and feel such as color and font)?

11.11 PROJECT MANAGEMENT PLAN ASSESSMENT CHECKLIST

Project Management Plan Assessment Checklist helps verify that project plan has all of the appropriate plans and baselines incorporated into the project plan. PMBOK states the project plan includes the following plans and baselines:

- Scope Management Plan

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- Schedule Management Plan
- Cost Management Plan
- Quality Management Plan
- Process Improvement Plan
- Human Resource Plan
- Communications Management Plan
- Risk Management Plan
- Procurement Management Plan
- Schedule Baseline
- Cost Performance Baseline
- Scope Baseline
- Change Management Plan
- Configuration Management Plan
- Requirements Management Plan

This checklist will establish that these plans are sufficiently detailed and complete.

	PROJECT MANGEMENT PLAN CONTENT
1.	Does the plan contain the schedule baseline?
2.	Does the plan contain the cost performance baseline?
3.	Does the plan contain the scope baseline?
4.	Does the plan contain the scope management plan?
5.	Does the plan contain the requirement management plan?
6.	Does the plan contain the schedule management plan?
7.	Does the plan contain the cost management plan?
8.	Does the plan contain the quality management plan?
9.	Does the plan contain the process improvement plan?
10.	Does the plan contain the human resources plan?
11.	Does the plan contain the communication management plan?
12.	Does the plan contain the risk management plan?
13.	Does the plan contain the procurement management plan?
14.	Does the plan contain the processes selected by the project management team?
15.	Does the plan contain the level of implementation of each selected project management process?
16.	Does the plan describe the tools and techniques to be used for accomplishing the management process?
17.	Does the plan describe the how the management process will be used to manage the project?
18.	Does the plan explain how work will be executed to accomplish the project objectives?
19.	Are the Scope, Objectives, and Approach consistent with the client's needs?
20.	Do the Scope, Objectives, Approach clearly define the project objectives, scope, and approach?
21.	Have large tasks in the workplan been sub-divided appropriately (i.e., sub-tasks of two weeks or less)?
22.	Has the effect of the learning curve been taken into account in estimating and assigning staff to specific tasks in the worklplan?

23.	Have team leaders participated in the estimating process of the workplan?
24.	Have detailed estimates in the workplan been compared to original, proposed estimates?
25.	Have administrative tasks been included in the workplan?
26.	Have quality assurance tasks been included in the workplan?
27.	Have contingencies been included in the workplan?
28.	Is the Work Breakdown Structure identified by version number and date in the workplan?
29.	Have appropriate product upgrade requirements been included in the WBS?
30.	Have Oracle's product release levels been discussed and integrated into the project plan?
31.	Does the project have a clearly defined schedule of deliverables (milestones)?
32.	Are project milestones consistent with the Project Schedule?
33.	Are project milestones consistent with the overall project objectives?
34.	Are project milestones understood and agreed to by the client?
35.	Have acceptance criteria and sign-off procedures been defined and agreed to by the client?
36.	Is there evidence that sign-off procedures are being followed?
37.	Have the project staffing requirements been identified and documented? (This should include an allowance for vacations, promotions, and staff turn-over.)
38.	Are staffing requirements consistent with the Work Breakdown Structure?
39.	Are appropriate client & consulting skill levels and participation assigned to each task?
40.	Has an appropriate project organization been defined for each phase of the project?
41.	Does the staffing plan include a provision for the Senior Practice Director and Quality Assurance Manager?
42.	Is there an organization chart showing the project reporting structure that includes both the client and consultants
43.	Does the project organization provide for senior project staff to review/supervise the work of less experienced staff, particularly in the initial phases?
44.	Are the appropriate client participants assigned to the steering committee?
45.	Does the project organization include a provision for a project steering committee?
46.	Are the appropriate client participants assigned to the steering committee?
47.	Have staff shortfalls been identified?
48.	Is the staffing plan identified by version number and date?
49.	Have client staffing commitments been documented?
50.	Is the staffing plan identified by version number and date?
51.	Has appropriate training been planned and scheduled for consulting staff?
52.	Has appropriate training been planned for the client team members and support staff?
	Etc

PROJECT MANAGEMENT PLAN FORMAT

1.	Does the Project Management Plan follow the Oregon Exchange standard template? (e.g. MS Project, Word or PPT)
2.	Does the Project Management Plan provide a complete and clearly understandable schedule?
3.	Does the Project Management Plan have formatting or cosmetic errors such as typos, spelling, grammar, or spacing?

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4.	Are the Project Management Plan graphical representations labeled correctly and follow the correct narrative?
5.	Does the Project Management Plan have a consistent page numbering?
6.	Does the Project Management Plan have consistent headers and footers?
7.	Does the Project Management Plan have consistent color scheme, font, and look and feel?
8.	Does the Project Management Plan have consistent tables (look and feel such as color and font)?

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Oregon Health Insurance Exchange Corporation (ORHIX) / Cover Oregon (CO) Monthly Quality Status Report

January 2014

Deliverable #2.1.M

DRAFT

Dated: Feb 15, 2014

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SECTION 1: Introduction

Cover Oregon (CO) recognizes the value of an independent, third-party formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

- **Initial Risk Assessment -** identification of initial risks facing CO
- **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
- **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of January, 2014. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where individual consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, determine if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll through the assistance of community-based navigators and insurance agents. Applications can be submitted by mail/fax, phone and through the internet.

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SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. Additionally, each rating category will carry a different relative weight when assessing the overall risk level of the effort. For example, while many of the Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule", and "Project Management" remain high (red), which drives the overall high (red) risk assessment.

The organization has made significant progress in a number of areas during the month of January, including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO has enrolled over 89K individuals in QHP and OHP plans.
- CO has hired Deloitte to conduct a risk analysis with the current system approach vs. other system options.
- The technical environments have been significantly patched over the month. This should result in more reliable releases from one environment to another.
- Cover Oregon and OHA are working well together to respond to challenges.
- The Oracle "A" team has presented its "tuning" report which seems to indicate that 5k+ simultaneous users can be accommodated on the system.
- The organization has and continues to demonstrate flexibility and creativity in dealing with this complex system delivery.
- CO continues to stabilize the production system.

The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

Table 1: Summary Quality Standards Scorecard

Quality Rating Category	*QA Risk Level*	*Priority QA Finding and Recommendations*	*CO Risk Level*	*CO Response*
OVERALL HEALTH		• See below for specific priority recommendations. • Continue to review, update, and track all outstanding quality risks and recommendations.	***High***	• The risk of the project remains high, although Cover Oregon has been successfully processing applications and enrolling consumers through a hybrid process while

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Business Mission and Goals	[redacted]	• CO has been accepting and processing applications through the hybrid system solution. Over 89k individuals have been enrolled in QHP or OHP plans at the end of Jan 2014.	***Low***	moving toward the release of online individual end-to-end functionality. • Cover Oregon has continued to focus on enrolling individual consumers using its hybrid process (paper or PDF application, processed using the system logic. This continues while full functionality through the electronic system is finalized and tested.
Roadmap	***Med***	• CO is identifying releases related to feature enhancements for 2014. • The short term focus is on increasing the stability, capacity and efficiency of the hybrid process. • MAXIMUS expects that the short term roadmap to continue to change as issues arise with the Oracle system and Oracle's ability to deliver against the current set of requirements.	***Med***	• Cover Oregon is identifying what features will be built or improved in 2014, given the budget, time and capacity of the organization. • Cover Oregon continued to focus on ensuring that consumers are able to get eligibility determinations and enroll in coverage in a timely manner. • Development and testing of core functionality for individual consumers continued during the month, for an Agent/Community Partner launch in February.
Scope	[redacted]	• Cover Oregon has directed Oracle to focus on technical releases that support prioritized functionality: hybrid process first and public website second. • The anticipated Feb releases will have a significant number of fixes and enhancements which will impact the existing workflow for both SR's and CP/A's. • Each time Oracle misses the target release date or releases with low quality, CO is put in a very difficult position. Given Oracles past performance, it is recommended that significant (30%+) slack be added to each of the release dates.	***High***	• At Cover Oregon's direction, in December Oracle prioritized technical releases that support hybrid processing, system stability and the eligibility and enrollment process for Customer Service, Agents, and Community Partners. • February releases do improve workflow for internal staff and external partners. • Cover Oregon is limiting scope for future releases based on what can be accomplished given time, staff and funding constraints, as well as an assessment of manual

	[redacted]			options. Functionality is being prioritized and will be rolled out as the system is stabilized and core functionality is complete.
Schedule	[redacted]	• The environments have been significantly patched over the month. This should result in more reliable releases from one environment to another. It is recommended that CO request a detailed report of the differences of the environments from Oracle. If this isn't possible CO should request a technical confirmation (system generated) that the environments are of matched configurations and revisions. • Oracle's inability to properly estimate the work and delivery will high quality for any release continues to affect the schedule and CO's ability to communicate firm dates to the public.	***High***	• The UDev and FTS environments were patched and aligned with other environments by the end of January. • Cover Oregon executive has continued to work with the most senior Oracle leadership to get agreement on deadlines and functionality releases. • MAXIMUS recommendations have been taken into consideration.
Budget	***Med***	• CO has withheld payment to Oracle since Oct 2013. This amount is now estimated to be well over 20 million dollars. MAXIMUS expects that CO and Oracle will negotiate a reduced payment given the consistently late deliveries and low quality of workmanship by Oracle which has resulted in significant damage to the CO brand. • It is recommended that CO clearly articulate under which conditions payment will be released. Preferably this would be accomplished via a formal contract amendment or a binding legal document. • As of Nov 30th, 2013 CO's spending was over the budgeted amount by ~4%.	***Med***	• Cover Oregon has retained outside counsel and is discussing delivery and payment issues with Oracle. • Cover Oregon's budget work continues in January, with a focus on existing revenue sources, expected costs and potential cuts planned or proposed.
Funding	[redacted]	• CO has stated if the individual portal is not functional before the end of open enrollment, they will need to consider alternatives. These	***High***	• Cover Oregon has begun to develop an options analysis and is investigating opportunities for additional funding with

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	[redacted]	alternatives will likely have a significant funding impact. • CO has started to develop analysis of these options. • It is recommended that CO work with CMS to determine if there are opportunities for IT funding for future feature enhancements and system upgrades prior the next open enrollment period.		CMS. • Analysis is under way to identify ways to impact the IT spending rate without adversely impacting other parts of the organization. •
Board Governance	[redacted]	• CO has hired Deloitte to conduct a risk analysis with the current system approach vs. other system options. The result of this analysis should be the basis for a "go-forward" plan that should be communicated to a minimum of the Board and CMS. • On January 1, Rocky King announced that he will step down on March 5th. The Board has begun preparing to find a replacement Executive Director. • It is recommended that the screening panel include representatives from CO including exec and line staff. • The CO Board meets on a regular basis and receives updates from the interim Director and his staff on salient business, IT and stakeholder topics.	***Low***	• Deloitte is analyzing options for future IT strategy, which will inform Cover Oregon's decisions about technology next steps. • The Board hired an executive search firm to coordinate the Executive Director search. The contract indicates that staff must be included in the process. •
Inter-Org Coordination	[redacted]	• Cover Oregon and OHA are working well together to respond to challenges. • The hybrid enrollment process is the current OHA practice, making it consistent with the process for which relevant OHA staff is already trained and capable of doing. • Cover Oregon and OHA/DHS have been working together reasonable well. As issues arise the business units' work together to find a reasonable solution.	***Low***	• Cover Oregon concurs with the findings related to Cover Oregon and OHA's efforts to work well together and the joint hybrid eligibility determination and enrollment processing.
Org Management	[redacted]	• The majority of the organization has been fairly stable given the stress the	***Low***	• Staff have been deployed to that the hybrid process is used to ensure

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	[redacted]	organization is under.		applicants get eligibility determinations and enrollments are processed.
Human Resources	***Med***	• There continues to be examples of staff and vendors exhibiting signs of stress and burn-out in small pockets. • Extra care should be taken by executive management to monitor for signs of stress and intervene to ensure personnel health and organizational morale during this period. • CO should review consultants/staff to determine effectiveness based on the reasons above. Consultants/staff that are burned out should be reassigned if possible, encouraged to take significant time off and/or be replaced. • HR should consider conducting spot and skip level interviews with personnel to monitor morale and health issues with personnel including contractors.	***Med***	• Cover Oregon agrees that staff is still under stress due to the workload • The executive team is aware of the issue and working to support employee and consultant health and morale.
Stakeholder Management	[redacted]	• There were no significant releases or production outages of the system for the month.	***Low***	• Cover Oregon is providing updates to the Board, our partners, Legislature, state agency partners and news media as things evolve. • Oregon leadership continued to engage top Oracle executives during the weeks prior to releasing the portal to agents and community partners in February.
Communications	[redacted]	• CO is currently operating under increased public scrutiny. • CO has been collecting a number of positive personal stories of applicants, however, these stories are not making it into standard venues. CO should consider inserting very specific personal stories into press interview, press releases, legislative hearings,	***High***	• Cover Oregon has been open about its system challenges and has been communicating about both the hybrid processing of applications and the effort to get the remaining technology ready for full release. • Agents and community partners have started to use the portal again since

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	[redacted]	Board meetings, etc. • CO has not released any dates to the public which is a reasonable strategy based on Oracle's inability to estimate work and meet system release dates.		it was opened to them with full functionality in February. Cover Oregon is relying on agents' and community partners' good experience with the improved site to impact the organizations' relationship with these partners
Project Management	[redacted]	• The term "blocker" has changed from the original Oct release and is now causing confusion in the public forum. It is recommended that discipline be instilled on the categorization of bugs and system issues so that the communication of progress is more coherent. • Development and release processes continue to be opaque. *These processes are considered core to the project success*. The release management process seems to be highly manual, this, in conjunction the lack of branching capability for Web Center and Siebel, makes this process challenging at best. This situation is clearly aggravated by the turnover in the release manager position. CO should consider having OMCS and consultants shadow OCS and document the release management process. • Schedule slippage and low release quality will most likely continue until Oracle deploys a deeply experienced, engineering manager to create and monitor all of the development, release and performance processes. CO should consider formally requesting from Oracle the development and release process from the Oracle engineering manager. • CO and Oracle are focused on completing the back office component of the system to wring out as much efficiency	***High***	• "Blockers" are identified issues that must be resolved for a successful launch (both bugs and unfinished functionality). • Cover Oregon understands from Oracle that Oracle is working towards a more automated release process and is supportive of this work. • Cover Oregon agrees that additional improvements are need in the release process. • Cover Oregon engaged third party support in reviewing Oracle code. • Cover Oregon has retained outside counsel and will be balancing findings of independent review with MAXIMUS recommendations.

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	[redacted]	as possible to maximize the manual operations. MAXIMUS sees this as a prudent course of action given the issues above. • It is recommended that Oracle document and submit to CO how they intend to improve the quality of their code. CO should request a formal code review by Oracle QA.		
Contract Management	[redacted]	• Oracle's performance is clearly lacking. Their inability to adhere to industry standards and professional software and project management tenants warrants further review. CO should consider the use of "cure" letters and/or a renegotiation of the contract to better enforce the Oracle requests stated above and a higher level of quality and adherence to schedule.	***High***	• Cover Oregon has retained external counsel, which is advising Cover Oregon on Oracle contracting and performance.
Product Content	[redacted]	• CO and MAXIMUS have requested, since Oct 2013, the Web Center code from Oracle. Oracle has continued to ignore this request. CO should consider initiating a "cure" letter to acquire this information. • CO has commissioned Deloitte to review the security components of the system (per SOW), however, Deloitte is expected to do a full system review, but their SOW does not reflect this work.	***High***	• Cover Oregon has retained external counsel, which is advising Cover Oregon on Oracle contracting and performance.
Testing	[redacted]	• A formal testing process, including UAT for releases, is lacking. • The Oracle "A" team has presented its "tuning" report which seems to indicate that 5k+ simultaneous users can be accommodated on the system. To further increase this number the Oracle "A"	***High***	• Cover Oregon agrees that additional information on Oracle's performance testing progress is needed. Oracle has promised Cover Oregon that 10,000 concurrent users will be supported as part of the requirements to

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	[redacted]	team have specific hardware recommendations that will be implemented post individual public portal release. • Oracle will have a significant number of fixes in the Feb 2014 release. It is imperative if the development schedule slips, time allocated to testing is not shortened given the system is in production and at a crucial point in the enrollment period.	be completed for the opening the portal to individual consumers. • Cover Oregon has made weekly requests for updates on performance testing and progress

Table 2: QA Risk Level Tracking

Quality Rating Category	Apr '13	May '13	June '13	July '13	Aug '13	Sept '13	Oct '13	Nov '13	Dec '13	Jan '14
OVERALL HEALTH										
Business Mission and Goals						M				
Roadmap	M	M	M	M	M	M	M	M	M	M
Scope										
Schedule										
Budget	M	M	M	M	M	M	M	M	M	M
Funding								M		
Board Governance										
Inter-Org Coordination						M	M	M		
Organizational Management										
Human Resources	M	M	M	M	M	M			M	M
Stakeholder Management						M	M	M	M	
Communication	M	M	M	M	M	M	M			
Project Management										
Contract Management						M	M			
Product Content										
Testing										

SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of January, 2014.

Section 4: Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate.

Table 3: Detailed Quality Standards Scorecard

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Quality Rating Category	*Dec 2013*	*Jan 2014*	*Risk Assessment Finding, Risks, and Recommendations*
Business Mission and Goals (BMG)			
			Findings: • CO has been accepting and processing applications through the hybrid system solution. Over 89k individuals have been enrolled in QHP or OHP plans at the end of Jan 2014. • The Exchanged was launched to only Agents and Community Partners using a combination of the Deloitte built website and the Oracle system. The Deloitte website is housed using Amazon's cloud service. This site will enable public users, Agents and Community Partners to enter in their information to determine tax credits, browse plans and review plan information and costs. This information can be utilized to fill out paper applications via a PDF form. The site has been extended to also allow applicants to add in enrollment information. • The Oracle system was released to Agents and Community Partners only and has increased to do some eligibility determination. Additional functionality is intended to be available in future releases. Each subsequent release will most likely go into production with known defects and manual workarounds. ***Risks:*** • Without a detailed system release plan, coordination of IT, OPS and Marketing and training may not be in full alignment for each subsequent release. • Launching the Oracle system with known defects may result in a bad user experience which could affect the CO brand long term. ***Recommendations***: • Ensure that each Oracle release is tested and defects are well documented. These defects, if accepted by CO, will drive workaround and contingency plans.CO should ensure these are all well documented and communicated to internal staff. In addition, this information will drive the training for the CP/A on each release and CO should ensure that training and materials are available to the CP/A prior to releasing the Oracle software to production. • Continue to refine the feature roadmap and ensure that it is connected with the business strategy, marketing, training and communications as well as OHA/DHS.

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Roadmap (RM)	***Med***	***Med***	
			Findings: • MAXIMUS expects that the short term roadmap to continue to change as issues arise with the Oracle system and Oracle's ability to deliver against the current set of requirements. • The short term focus on increasing the stability, capacity and efficiency of the hybrid process. • This month Cover Oregon focused system releases and improvements to functionality on changes that impacted customer service and community partner/agent access. • CO is identifying releases related to feature enhancements for 2014. ***Risks:*** • Without a clear, comprehensive, and authoritative description of the Exchange roadmap, the project will likely continue to have incomplete data for future budgeting and unclear project priorities. • Without a process for determining the roadmap priorities it will be difficult to determine what features will have the highest impact of CO target metrics. • The inability of Oracle to deliver previous roadmaps makes it difficult to expect them to deliver against the new roadmap on schedule. ***Recommendations:*** • Oracle and CO should create integrated prioritized roadmap to communicate with the CO staff, CO Board of Directors, and other stakeholders how the CO metrics will be achieved. • The process for developing the roadmap(s) should be documented so that it can be evaluated by stakeholders prior to getting deep into the process. Also, all underlying assumptions should be articulated in the process so they can be agreed upon by executive management. • Finalize the near term functional roadmap, including a high-level schedule of required functionality, and prioritized features. Once Oracle agrees to the functionality and timeframe CO should consider memorializing it in a cure letter.
Scope (SCP)	[redacted]		
			Findings: • Cover Oregon has directed Oracle to focus on technical releases that support prioritized

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			functionality: hybrid process first and public website second. • The anticipated Feb releases will have a significant number of fixes and enhancements which will impact the existing workflow for both CSR's and CP/A's. • Each time Oracle misses the target release date or releases with low quality, CO is put in a very difficult position. • It is likely that scope will continue to be trimmed if issues arise with the current plan or if development (Oracle) continues to under deliver. • CO has deferred a piece of the Medicaid interface into the OHA MMIS system until TBD. • Currently, a cross functional view of the Product Development Lifecycle (PDLC) does not exist and clear connections between development, operations, marketing and communications are lacking. ***Risks:*** • Without a tight linkage between development, business, marketing, and communications the current launch strategy with the current scope will be difficult to manage after each release. • The inability of Oracle to deliver defined scope on a strict timeline makes it difficult to believe they will deliver on time in the future. ***Recommendations:*** • CO should ensure that the manual paper application process is fully supported by development prior to any future work being done. MAXIMUS recommends that stability and reliability be considered higher priority over the public portal release. • Given Oracles past performance, it is recommended that significant (30%+) slack be added to each of the release dates. • Smaller, more attainable releases by Oracle may help resolve the missed release/de-scoping cycle that is common. • Define and implement clear project management processes and controls for maintaining the CO WBS, including "rolling wave" elaboration of near-term work. • Continue to integrate the use of the Schedule (and underlying WBS) into the day-to-day management and planning of the project especially for future product releases. This will ensure that these documents are useful and accurate.

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Schedule (SCH)	[redacted]		
			Findings: • The environments have been significantly patched over the month. This should result in more reliable releases from one environment to another. • Oracle's inability to properly estimate the work and delivery will high quality for any release continues to affect the schedule and CO's ability to communicate firm dates to the public. • There continues to be a lack of an integrated project schedule. ***Risks:*** • Without a clear understanding of how Oracle estimates the development work and their schedule, including the activities and tasks specifically assigned to CO, there is a risk that releases will continue to slip. • Without clearly linked schedules between CO and Oracle development and Oracle On Demand services, the project will suffer from confusion and misaligned expectations and deadlines. • With an integrated project schedule that is used to plan and execute work, the project will continue to suffer from unforeseen schedule slippage and delays. ***Recommendations:*** • Given the difficulty in estimating the development with Oracle and delivery Oracle environments, CO should embed sufficient slack in its schedule (on the order of 30+ percent). CO should continue to monitor the IT delivery deviations. These deviations should be reported to CO Executive staff in the weekly or monthly reports by CO CIO. • It is recommended that CO request a detailed report of the differences of the environments from Oracle. If this isn't possible CO should request a technical confirmation (system generated) that the environments are of matched configurations and revisions. • Develop a single, comprehensive, base-lined schedule for all Oracle development, Oracle On Demand Services, Oracle Performance test and CO work, including testing.
Budget (BGT)	***Med***	***Med***	

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			Findings: • CO has withheld payment to Oracle OCS since Oct 2013. This amount is now estimated to be well over 20 million dollars. MAXIMUS expects that CO and Oracle will negotiate a reduced payment given the consistently late deliveries, low quality of workmanship by Oracle which has resulted in significant damage to the CO brand. • As of Nov 30th, 2013 CO's spending was over the budgeted amount by ~4%. • Fourth quarter 2013 budget to actuals will be available in next month's report. ***Risks:*** • Payment to Oracle cannot be held up indefinitely. Lack of communication with the vendor on this matter can lead to surprises in the budget. • The lack of fully elaborated, integrated and baselined WBS and schedule raises the risk that the project scope, schedule, and therefore costs are not clearly understood. As a result, the budget is most likely inaccurate. • The addition of unplanned development resources to achieve the outstanding scope will increase costs in the budget in the short term. • The addition of the Deloitte public website to compensate for the lack of delivery by Oracle will increase project IT costs. ***Recommendations***: • It is recommended that CO clearly articulate under which conditions payment will be released. Preferably this would be accomplished via a formal contract amendment or a binding legal document. • Document and implement a budgeting process for CO. This process should include the tracking of assumptions and dependencies. This budget should have significant reserve for unbudgeted items given the organization and the system is new. • Update the budget projections for CO. Ensure the budget projections are aligned with the roadmap items that will be established. • With the addition of Oracle resources to complete the development and testing of the Exchange a budget reevaluation should be conducted to determine the budget impact of this decision.
Funding (FND)	[redacted]		
			Findings: • CO has stated if the individual portal is not functional before the end of open enrollment, they will

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			need to consider altematives. These alternatives will likely have a significant funding impact. • CO has started to develop analysis of these options, including potential funding opportunities. ***Risks:*** • It will take time for money to be released for feature upgrades which will likely need to start in March/April of 2014. • The increased rate of IT spending will most likely reduce spending in some other critical area of the CO operation. ***Recommendations***: • Begin the planning of the on-going funding and alternatives analysis and likely prices. • It is recommended that CO work with CMS to determine if there are other opportunities for IT funding for feature enhancements and system upgrades prior the next open enrollment period.
Board Governance (BG)	[redacted]		
			Findings: • CO has hired Deloitte to conduct a risk analysis with the current system approach vs. other system options. The result of this analysis should be the basis for a "go-forward" plan that should be communicated to a minimum of the Board and CMS. • On January 1, Rocky King announced that he will step down on March 5th. The Board has begun preparing to find a replacement Executive Director. • The CO Board meets on a regular basis and receives updates from the interim Director and his staff on salient business, IT and stakeholder topics. ***Risks:*** • Without a risk analysis for a go-forward plan it will be difficult to communicate to the Board and executive staff the basis for the plan and desired actions to be taken. ***Recommendations***: • It is recommended that the screening panel include representatives from CO including exec and line staff. • CO should finalize the Deloitte SOW to and accelerate the work so that CO has sufficient time to implement the desired recommendation as soon as possible. Acceleration of this work will

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			ensure there is sufficient time to fund, review bids and select new vendors if required.
Inter-Org Coordination (IOC)	[redacted]		
			Findings: • Cover Oregon and OHA are working well together to respond to challenges. • Manual enrollment is the current OHA practice, making it consistent with the process for which relevant OHA staff is already trained and capable of doing. • Cover Oregon and OHA/DHS have been working together reasonable well. As issues arise the business units' work together to find a reasonable solution. ***Risks:*** • Without proper coordination among OHA/DHS and CO policy and business operations it will put CO in a difficult position with respect to planning the completion the MMIS and CO interfaces for automated Medicaid Eligibility and Enrollment. • Without proper coordination among OHA/DHS and CO policy and business operations paper processing of Medicaid and APTC applications have difficulties. ***Recommendations***: • SLAs between CO and OHA/DHS should be revisited and updated, as appropriate.
Organizational Management (OM)	[redacted]		
			Findings: • The majority of the organization has been fairly stable given the stress the organization is under. • The paper processing is taxing a number of groups in CO and OHA that are being re-deployed to assist in the effort. These groups, given paper processing is not their primary, may lose morale over time. ***Risks:*** • Dependence on key individuals to compensate for lack of system delivery will produce burnout, stress conditions, turnover and/or negative morale.

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			Recommendations: • CO should set realistic goals with respect to system deliveries and if these goals are not met the dates should be reset to a reasonable manual processing date and goal so that personnel and external stakeholders can adapt. • The rotation of personnel that are being drafted to assist with paper processing may ease the morale issues that may arise because of redeployment.
Human Resources (HR)	***Med***	***Med***	
			Findings: • There continues to be examples of staff and vendors exhibiting signs of stress and burn-out in small pockets. • Extra care should be taken by executive management to monitor for signs of stress and intervene to ensure personnel health and organizational morale during this period. • CO should review consultants/staff to determine effectiveness based on the reasons above. Consultants/staff that are burned out should be reassigned if possible, encouraged to take significant time off and/or replaced. • CO has added some consultants/staff to backup and/or augment staff based on the reasons above. • Releasing a system that has known defects will increase the load on the Customer Service Reps (CSRs). Management should specifically monitor these groups for signs of stress. ***Risks:*** • The dynamic nature and fast organizational growth of CO may create significant staff stress and frustration. Communications, IT, Operations and HR support systems will be taxed. • Staff with gaps in their skill sets can create schedule delays, rework and/or incorrect planning and execution for the organization. • Over worked/stressed employees or contractors will tend to make simple mistakes which can result in rework or issues with clients. • Health of stressed or overworked individuals can result in loss of key individuals on the project. ***Recommendations***: • HR should conduct spot reviews/interviews and or skip level interviews with personnel to monitor morale and health issues with personnel including contractors. • CO should consider hiring additional technical staff to monitor/augment Oracle staff. The current

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			CO staff are either too sparse or not do not have sufficient skill level to handle the complex development and release environment. • Continue to support team building and informal support structures for staff. • Have an independent review of the IT organization to determine if new roles and personnel are needed based on the change in architecture, and the more complex development and release processes. • Having citizens speak to the CO employees who are being helped by the work being done by the drafted paper processors can have a profound positive effect on morale. CO should consider identifying citizens to come in and talk to the various groups.
Stakeholder Management (SM)	***Med***		
			Findings: • There were no significant releases or production outages of the system for the month. ***Risks:*** • Lack of proactive communication with Exchange stakeholders may limit early participation and/or public confidence. • Establishing and communicating system release dates and not meeting the dates will result in credibility issues with both internal and external stakeholders. • If the Exchange does not manage stakeholder expectations in a consistent manner then CO's management credibility may suffer. ***Recommendations:*** • It is recommended that when release dates are to be provided to key stakeholders that Oracle executive management be present. It is recommended that Oracle executive management present the dates, features, thresholds and capacity information, i.e., number of user that the system is tested to accommodate. • It is recommended that CO resist releasing a system that does not meet the threshold set for defects and/or the capacity. • It is recommended that when Oracle present release dates they believe they can make and CO accepts these dates, that CO should memorialize these dates, features, defect tolerance and capacity in "cure" letters.

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Communications (COMM)	[redacted]		
			Findings: • CO is currently operating under increased public scrutiny. • CO has been collecting a number of positive personal stories of applicants, however, these stories are not making it into standard venues • CO has not released any dates to the public which is a reasonable strategy based on Oracle's inability to estimate work and meet system release dates. ***Risks:*** • Making statements to the Board or public based on information from Oracle is problematic given they have not met a single deadline they have set. • If the Exchange does not communicate its functions in a consistent manner then confusion and frustration may result for entities that need to oversee, interface with, purchase or supply services to the Exchange. • If the Exchange does not communicate its functions in a consistent manner then CO's management credibility may suffer. • If the outbound communications team is overloaded in negative press and freedom of information act request then it will be a challenge for them to present the positive messages to the public that the staff are hearing on a day-to-day basis. ***Recommendations***: • CO should consider having at least one marketing/communications person focus on the people that have been benefitted by receiving insurance for the first time in many years. These personal stories should be inserted in press conference, press releases, legislative hearings, board meetings, etc. • It is recommended that the internal marketing function of CO work with the IT, SME's and executive management to identify areas where specialized outbound high level communications need to take place. • It is recommended that the Marketing organization establish consistent messaging for the organization that reflects Oracles inability to deliver a stable system, on time and with the appropriate features.
Project Management	[redacted]		

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(PM)	[redacted]		
			Findings: • The term "blocker" has changed from the original Oct release and is now causing confusion in the public forum. The term was originally used to identify bugs or issues that resulted in testers not being able to complete a workflow. Since then the term has be used to represent critical issues for a specific release. This is being propagated to the press and causing confusion in the public forums. • Development and release processes continue to be opaque. *These processes are considered core to the project success.* The release management process seems to be highly manual, this, in conjunction the lack of branching capability for Web Center and Siebel, makes this process challenging at best. This is situation is clearly aggregated by the turnover in the release manager position. • Schedule slippage and low release quality will most likely continue until Oracle deploys a deeply experienced, engineering manager to create and monitor all of the development, release and performance processes. • CO and Oracle are focused on completing the back office component of the system to wring out as much efficiency as possible to maximize the manual operations. MAXIMUS sees this as a prudent course of action given the issues above. • Without sufficient slack in the schedule (based on past variance) the plan for the future features is optimistic. ***Risks:*** • Changing terminology can cause confusion and unnecessary embarrassment as status is being reported out to stakeholders. • An undocumented development and release process makes it challenging to analyze the processes for efficiency, quality and reliability. • Once OCS delivers the public portal Oracle executive management and other significant Oracle staff will refocus their attention to other customers. This may leave CO with the inability to deliver products because the development and release management process is undocumented. ***Recommendations:*** • It is recommended that discipline be instilled on the categorization of bugs and system issues so that the communication of progress is more coherent. CO should utilize the original definition of the term "blocker ". • CO should consider having OMCS and consultants shadow OCS and document the release

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			management process. • CO should consider formally requesting from Oracle the development and release process from the Oracle engineering manager. • It is recommended that CO have Oracle document their parallel software development and release process to ensure it is aligned with an operational environment. This is important as the organization transitions from a pure development environment to an operational environment. • It is recommended that CO have Oracle define the delivery schedule for the remaining environments and memorialize the schedule using a "cure" letter. • It is recommended that Oracle document and submit to CO how they intend to improve the quality of their code. CO should request a formal code review by Oracle QA.
Contract Management (CM)			
			Findings: • Oracle's performance is clearly lacking. Their inability to adhere to industry standards and professional software and project management tenants warrants further review. • Cover Oregon has retained independent, outside counsel. • MAXIMUS understands that payment to Oracle is being withheld and legal is being consulted on how to best manage the lack of performance by Oracle. • Oracle's ability to perform is an issue on the project. ***Risks:*** • In general, agreements that allow contractor's to bill for hours worked, instead of fixed priced payments for satisfactory completion of specific deliverables, leave the onus on CO to verify that the hours were worked and sufficient value was created by the contractors, according to their individual agreements. It may also be difficult to prove or justify the commensurate expenditures. • Without a clear tie between contractor work and the project WBS or schedule, effective management of contractor effort and billings will be difficult. ***Recommendations***: • CO should consider the use of "cure" letters and/or a renegotiation of the contract to better enforce the Oracle requests stated above and a higher level of quality and adherence to schedule.

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			• Conduct an independent assessment of all contractor activities and proposed deliverables. Identify opportunities to convert contractor payment method to state approval of specific contractor fixed-priced deliverables. Renegotiate agreements, as appropriate. • Define specific roles and responsibilities for contractors. Clearly assign work, as defined in the WBS and schedule, to specific contractor staff. Use this information to update the CO staffing plan, as appropriate. • Clearly tie contractor work to the project WBS or schedule. Track progress (% complete) accordingly. • CO Management should clearly get formal assertion from Oracle in the form of a "cure" letter or contract amendment for specific releases dates, functionality and quality moving forward.
Product Content (PC)	[redacted]		
			Findings: • CO and MAXIMUS have requested, since Oct 2013, the Web Center code from Oracle. Oracle has continued to ignore this request. • CO has commissioned Deloitte to review the security components of the system (per SOW), however, Deloitte are expected to do a full system review, but their SOW does not reflect this work. ***Risks:*** • If CO does not receive the Web Center code from Oracle it will send a clear message that Oracle can ignore CO requests, it will also leave CO in a position of not knowing how bad the code is and it will not be able to plan properly. ***Recommendations***: • CO should consider sending a "cure" letter to receive the Web Center code from Oracle. • A complete and accurate record of all iteration use case work packages and Oracle functional and technical design documents and Corporation testing documents should be organized and kept as a complete package in the Dropbox. Understanding the amount of customization of the current implementation will be critical for CO as future needs are established. This information should be requested from Oracle and independently verified. • The Deloitte SOW should be updated such that it represents all of their expected work and deliverables.

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Testing (TST)			
			Findings: • A formal testing process, including UAT for releases, is lacking. • The Oracle "A" team has presented it's "tuning" report which seems to indicate that 5k+ simultaneous users can be accommodated on the system. To further increase this number the Oracle "A" team have specific hardware recommendations that will be implemented post individual public portal release. This work is not considered aligned to the performance SOW. • Oracle will have a significant number of fixes in the Feb 2014 release. • Oracle SIT testers do not have a full grasp of the desired functionality of the system; therefor their testing quality is insufficient. ***Risks:*** • A large number of fixes implemented in the system during the enrollment period my result in unscheduled system downtime and/or outages due to bugs found in production. • Lack of continued reporting from the Oracle "A" team and the performance test team on their progress makes it impossible to determine their progress. ***Recommendations:*** • Implement a formal testing process, including structured UAT for all releases. • Significant testing should be conducted prior to releasing a large code release into production. In addition, CO should request a report of the pre-prod and prod configurations to ensure they are equal in configuration, patches and revisions. • It is imperative if the development schedule slips, time allocated to testing is not shortened given the system is in production and at a crucial point in the enrollment period. • CO should consider having the Oracle "A" team report out in the daily tech synch meetings. • CO should ensure that the Oracle performance test team is executing according to the SOW that is currently in force. • Ensure that the code delivered from development has been properly documented and that release notes are delivered with each release as it is delivered to the testing teams.

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SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	
Business Mission and Goals	
Roadmap	
Scope	
Schedule	
Budget	
Funding	
Board Governance	
Inter-Org Coordination	
Organizational Management	
Human Resources	
Stakeholder Management	

Communication	
Project Management	
Contract Management	
Product Content	
Testing	

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SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

	Probable/eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
	Possible/unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT		
	Low	Med	High
High	MED		
Med		MED	
Low			MED

Infrastructure Release Criteria Framework			
Category	**Description**	**Plan Execution**	**Measurement**
Technical / Environment	Concurrent Users Pre-release system testing must support 10,000 concurrent users prior to move into Production.	Infrastructure plan to : 1. Perform product patching to all environments 2. Implement 1.0.0.4 JIRA through appropriate environments 3. Implement 1.0.0.5 JIRA through appropriate environments	Performance testing reports confirm concurrent user metric
System Response Speed	Pre-release testing must support 10,000 concurrent users with sub 5 second user response time	Infrastructure plan to : 1. Perform product patching to all environments 2. Implement 1.0.0.4 JIRA through appropriate environments 3. Implement 1.0.0.5 JIRA through appropriate environments	Performance testing reports confirm concurrent user and peruser metric
Production Stability	Production system must demonstrate stability through zero unplanned downtime for 2 weeks prior to push into Production	Infrastructure plan to : 1. Perform product patching to all environments 2. Implement 1.0.0.4 JIRA through appropriate environments 3. Implement 1.0.0.5 JIRA through appropriate environments	Weekly Operations Meeting report confirm unplanned outage metric
Production Management	Production Management process must demonstrate the ability to move at least 200 pieces of code between environments, e.g., Development into FTS, FTS into Pre-Prod, etc. prior to push into Production. These moves must be completed with no errors that require additional downtime or fixes.	Release Management Process successfully demonstrated through similarly sized deployments into PRE-PROD and PERF	Successful migration to PRE-PROD and PERF
Pre-Prod / Prod Mirror	Prior to moving code into Production, the Pre-Production environment and Production environment must be demonstrated as "mirrored" environments to provide confidence that code will perform similarly in both environments. The one exception is that Pre-Production is not expected to be the same size as Production.	Infrastructure plan to : 1. Perform product patching to all environments 2. Implement 1.0.0.4 JIRA through appropriate environments 3. Implement 1.0.0.5 JIRA through appropriate environments	Written confirmation from OMCS that PRE-PROD and PROD environments are configured the same with the noted exception of sizing.

Functional Release Criteria: Security		
Category	**Criteria Description**	**Testing**
Security code in place for Go Live	Have all code in Pre-Prod and successfully tested in time for move to Production	See test scripts
Ethical Hacking Test	Pass testing being conducted by Oracle by 1/31/2014	See Oracle test scripts

Interface Release Criteria		
Category	**Criteria Description**	**Testing**
TMP002 Manual Enrollment Contingency	Consumes SIFBFL data and maps to XML format for initial enrollments to the carriers and for consumption by PeopleSoft	Validate enrollment test cases/data in required format and successfully routed to carrier SFTP
TMP003 CMS Payment Processing Contingency	Consumes data and maps to extract for formatting in CMS required template	Verify effectuated cases, counts, and totals when testing the accuracy of the report
Car010/011 provider Directory Interface	Retrieve the files from Carriers, decrypt and send to Siebel for posting Provider Information for Plan selection.	Call the Carrier SFTP accounts, decrypt and send unencrypted file to Siebel. Carriers validate list before sending, and validate loaded providers in WebCenter.
BAM Integration Monitoring	BAM Dashboard reporting pairs a KPI Monitor to specific fields that provide measurable/reportable attributes for summary reporting, i.e. Success Count where isFault is False. All data object fields will also report into the BAM Transaction View allowing for verification of proper reporting from an interface to BAM.	Test 1: Send a known number of transactions across the test interface. Verify that the Counts are correctly reported into the BAM dashboard. Test 2: Send set of known number of transactions across the test interface that have at least one of each measured attribute outcome values. Verify that the attributes were properly reported in the BAM Dashboard. Test 3: With the above transaction sets, verify that each populated the BAM Data Object with the correct values.

Functional Release Criteria: Account Management		
Category	**Criteria Description**	**Testing**
Create Individual Account	Create Account. 1. Individuals must be able to create an account, create their security profile and select to create an individual role, landing them on their dashboard. 2. Appropriate and clear error messages need to display if a user is not successful in creating an account. 3. A user should not be able to create an account if an existing account already exists using their credentials. The deduplication rules defined inform how the system should check for duplicate accounts.	There are 18 Test cases and scripts that have been developed by the Oracle Team (Steve Nelson) that must have passed and any Blocker defects defined and agreed upon must be cleared. Test scripts are available as needed.
	Retrieve Username & Reset Password: 1. Individuals need to be able to retrieve their username using the defined credentials 2. Individuals need to be able to Reset their password if they forget it or by preference following the defined password policy and reset password specs.	There are 18 Test cases and scripts that have been developed by the Oracle Team (Steve Nelson) that must have passed and any Blocker defects defined and agreed upon must be cleared. Test scripts are available as needed.
Individual (Remote) Identity Proofing	My Roles 1. Individual Users need to be able to select an Individual Role and proceed to their dashboard. 2. Users can maintain more than one role in the system and should be able to access any role during a single session.	There are 18 Test cases and scripts that have been developed by the Oracle Team (Steve Nelson) that must have passed and any Blocker defects defined and agreed upon must be cleared. Test scripts are available as needed.
	1. Need ability for Individual to RIDP at the end of their application. The user must agree to RIDP terms and conditions, verify their information is correct or be able to update, answer wallet of questions returned from hub and receive the correct error messages or success messages based on the response. This process is to work the same as CPA, except it prompts prior to application submission. Individuals are required to authenticate at Level 2 rather than Level 3	There are 18 Test cases and scripts that have been developed by the Oracle Team (Steve Nelson) that must have passed and any Blocker defects defined and agreed upon must be cleared. Test scripts are available as needed.
	2. Need ability for Authorized Users to be ID proofed at level 3 using the same RIDP process as above and as for CPA. Authorized Users must be required to ID Proof at Role selection. They must pass ID proofing prior to accessing any information entered by another user.	There are 18 Test cases and scripts that have been developed by the Oracle Team (Steve Nelson) that must have passed and any Blocker defects defined and agreed upon must be cleared. Test scripts are available as needed.
Authorized Users	3. Users must not able to submit an application until they have successfully passed RIDP. If the Individual user fails, they must be prompted to ID Proof prior to application submission every time until they pass.	There are 18 Test cases and scripts that have been developed by the Oracle Team (Steve Nelson) that must have passed and any Blocker defects defined and agreed upon must be cleared. Test scripts are available as needed.
	1. Need ability for consumer to call the call center, have a user account created and be added as an authorized user to access their existing application created in CSWebApp. The user can then login to the front end portal, update security profile, RIDP, and select to view and work with the application that was created for them back office	There are 18 Test cases and scripts that have been developed by the Oracle Team (Steve Nelson) that must have passed and any Blocker defects defined and agreed upon must be cleared. Test scripts are available as needed.
	2. Need ability for an agent or CPA to add an Individual Authorized user to an existing Applicat on that has been created by the CPA on their behalf.	There are 18 Test cases and scripts that have been developed by the Oracle Team (Steve Nelson) that must have passed and any Blocker defects defined and agreed upon must be cleared. Test scripts are available as needed.
	3. Need ability for any User Role to access and view Authorized users on their Dashboard, add and remove authorized users to their Role	There are 18 Test cases and scripts that have been developed by the Oracle Team (Steve Nelson) that must have passed and any Blocker defects defined and agreed upon must be cleared. Test scripts are available as needed.
	4. Authorized users are required to MFA and ID proof after login, upon role selection of the role to which they have been added as an authorized user	There are 18 Test cases and scripts that have been developed by the Oracle Team (Steve Nelson) that must have passed and any Blocker defects defined and agreed upon must be cleared. Test scripts are available as needed.
Manage Security Profile	Need ability for all users to access their Account Settings to view their User Profile information, update site key and security challenge questions and update password.	There are 18 Test cases and scripts that have been developed by the Oracle Team (Steve Nelson) that must have passed and any Blocker defects defined and agreed upon must be cleared. Test scripts are available as needed.
MDM Deduplication	An external user will be created via the Web Portal (refer to AM1)	Test 1: Create a user via the Web Portal. Attempt to create identical user using all data. Second user should not be created. Test 2: Taking initially created user, attempt to create another user using same SSN and DoB. Second user should not be created. Test 3: Taking initially created user, attempt to create another user using same data but different SSN and DOB. Second user should successfully be created
	Contacts without User Accounts (aka Household Member) are flagged as potential duplicates	Create a household contact on an application. Using the same information, create a second contact on the same application. Both contacts should be created, but flagged as potential duplicates
	Duplicate contacts can be merged in Siebel	Successfully merge two contacts. Must successfully merge all child objects of the two contacts and leave no orphans (see full list of items on original ppt document)
	Duplicate contacts can be merged in MDM.	Successfully merge two contacts. Must successfully merge all child objects of the two contacts and leave no orphans (see full list of items on original ppt document).
	Duplicate organizations can be merged in Siebel	Successfully merge two contacts. Must successfully merge all child objects of the two contacts and leave no orphans (see full list of items on original ppt document).
	Duplicate organizations can be merged in MDM	Successfully merge two contacts. Must successfully merge all child objects of the two contacts and leave no orphans (see full list of items on original ppt document).
	Excluded contacts cannot be merged	Prevent the merging of specific contacts (protection orders, adoption, etc.). Flag one record to prevent merging ("Do Not Merge" flag). Create a similar (duplicate) record. Attempt to merge these two records – this should fail.
	Use existing contacts when processing applications in CS Web	Create a contact. Process an application for this contact. Make sure a second contact is not created during the application creation process.
	Limit delete functionality to specific Siebel account roles.	Create a contact. As each of the different roles, login and attempt to delete the contact. This should fail for all roles except the Data Steward (currently).
All of the above functions need to work according to spec with any agreed upon adjustments.		

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Functional Release Criteria: Community Partners & Agents (CPA)		
Category	**Criteria Description**	**Testing**
Individual Find & Remove Assistance	An individual must have the ability to add an Agent during the application process and via the Individual Dashboard. The system must ensure the Agent does not overlap effective dates with another agent. The system must take in to consideration whether or not the Individual has effectuated coverage to ensure proper commission payments.	1. Add an Agent within the individual application process when no Agent exists. Add an Agent within the individual application process where an Agent is currently actively assisting the individual. 2. Add an Agent via the Individual Dashboard where no Agent exists. 3. Add an Agent via the Individual Dashboard where an Agent is currently actively assisting the individual and coverage is NOT effectuated. 4. Add an Agent via the Individual Dashboard where an Agent is actively assisting the individual and coverage IS effectuated.
	An individual must have the ability to add a Community Partner Organization during the application process and via the Individual Dashboard. The system must allow a Community Partner Organization to overlap with other Community Partner Organizations and Agents.	5. Add a Community Partner Org (CP Org) within the individual application process when no CP Org exists. 6. Add a CP Org within the individual application process where a CP Org and Agent is currently actively assisting the individual. 7. Add a CP Org via the Individual Dashboard where no CP Org or Agent exists. 8. . Add a CP Org via the Individual Dashboard where a CP Org and Agent is actively assisting the individual. 9. Test to ensure only Active Agents are available via the Find Help search.
	An individual must have the ability to remove an Agent during the application process and via the Individual Dashboard. The system must ensure the Agent does not overlap effective dates with another agent. The system must take in to consideration whether or not the Individual has effectuated coverage to ensure proper commission payments.	10. Remove an Agent within the individual application process and from the Individual Dashboard. 11. Remove an Agent within the individual application process and from the Individual Dashboard when attempting to add a new Agent. 12. Remove Agent via Individual Dashboard where Individual has effectuated Coverage.
	An individual must have the ability to remove a Community Partner Organization during the application process and via the Individual Dashboard. The system must allow a Community Partner Organization to overlap with other Community Partner Organizations and Agents.	13. Remove a Community Partner Organization (CP Org) within the individual application process and from the Individual Dashboard. 14. Remove a CP Org within the individual application process and from the Individual Dashboard when attempting to add a new CP Org. 15. Remove CP Org via Individual Dashboard where Individual has effectuated Coverage (this should not impact the date a CP Org can end like it impacts Agent end dates).

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Functional Release Criteria: Eligibility		
Category	**Criteria Description**	**Testing**
Eligibility Determination for AI/AN individuals	A CSR, CPA or Individual must be able to answer the four AI/AN questions (Tribal Member, descendant of a tribal member, Tribal Premium Sponsorship Program participation, and eligible for Indian Health Services). All responses to the questions must populate appropriately in Siebel - Tribe name(s) for Member, TPSP and descendant questions, descendant detailed information, all fields documenting 'Medicaid AI/AN Status' and 'QHP AI/AN Status' (including the corresponding verified or not verified status), TPSP verification response, and the date this verification/attestation has been documented/captured. Enrolled tribal members must be found eligible for the appropriate level of cost sharing reductions, either CSR1a or CSR1b. The Eligibility Determination notice must include the correct information about the applicant's level of cost sharing.	Test005, Test007, Test012, Test021, Test022 must all pass using the criteria described above.
Eligibility Determination Notice	Criteria: Each time an eligibility determination is made a notice should be triggered for the application group. The notice should include all of the individuals who have received a determination for QHP, Insurance Affordability Programs, or not eligible to purchase through CO. The notice must include each individual's full name, date of birth, CO ID number, and the correct determination info. The notice must also include the date of application, the date of the notice, and all static content. It should be produced in English, Spanish, or large print depending on the primary contact response to "preferred written language" or "special format".	Required testing: TC006, TC008, TC010, TC012, TC019, must all pass using the criteria described above.

Functional Release Criteria: Individual Dashboard					
Category	**Criteria Description**	**Testing**			
Individual Dashboard	Resources/Document Center. Notices associated with the contacts on an active application should populate the Document Center on the Individual Dashboard when the communication method "e-mail" is selected	Test005, Test007, Test012, Test021, Test022 must all pass using the described criteria.			
	Message Center. The Message Center will include a copy of the email notification that was sent to the individual. Access Community Partner/Agent. The active agent or community partner associated with the user's application should display in the dashboard.				
	Access Community Partner/Agent. The individual should be able to change that agent or community partner at any time through the dashboard.				
	My Plans. Any active plan information for enrollees on the application should display under My Plans in a way that makes it clear what the plan is and who is enrolled in that plan.				
	My Plan. It must be possible to show multiple plans.				
	My Plan. Links to the SBCs associated with those plans must also display under My Plans.				
	My Plan. Applicants who are eligible for Medicaid/CHIP should be displayed here with the Medicaid contingency language in place. Manage Account. Manage Account must allow the user to change their phone number or email address, as well as their preferred method of contact.				
	Manage Account. The logged in user should be able to add or remove authorized users.				
	Manage Account. A user should also be able to deactivate their account, and it should be clear that this is not the same action as terminating their health coverage.				

Functional Release Criteria: Plan Selection & Enrollment (includes CS Web Application)								
Category	Criteria Description	Testing						
Medical Shopping Groups	Applicants must have the ability to shop and enroll with all available combinations of medical shopping group options. This also includes the ability to select a shopping group option and go back and change the shopping group option before final enrollment is submitted.	Test cases with a variety of medical shopping group options should be available. The tester should be able to choose from all shopping group options and should be able to navigate back to select a different eligible shopping group option.						
Dental Shopping by Individual	A shopper/applicant should be able to shop from all dental plans available in their geographical area of residence and per their age category. Dental plans that are Pediatric only (shoppers/applicants age 1 thru 18) should not be shown for shoppers/applicants age 19 and older. Dental plans that are both Pediatric and Adult (all ages) should be shown for shoppers/applicants of any age. All members of a shopping group should be able to shop for dental individually and should be able to choose from any dental plan available to them (per the above criteria (geographic area and age). There is not a requirement to purchase dental. Therefore any number of the shopping group should be able to shop. A shopper/applicant should be able to shop for a dental plan using the available filter options (deductible, annual maximum, plan type). Plan mapping logic should also be accurately reflected in the display. Shopper should have the ability to drill into plan details and compare up to three plans side by side. A shopper should be able to select a plan detail or comparison UI. A shopper should be able to select a plan	Five test cases with a variety of combinations should be run. Test cases with shoppers in all seven different geographic areas should be run. Test cases with older age 18 shoppers, age 19 and age 20 shoppers and shoppers over the age of 20. The tester should be able to review, plans in all plan display options as well as filter will all specified filter options. The tester should be able to select a plan and proceed forward, with the option to navigate back to make a change to their plan selection.						
Plans, Rates and Details	The dental plan display for both the header and the plan details should follow the approved UI. Premiums should have dollar and cents ($0.00) format. Deductibles and Annual maximums should be whole dollar amounts with a $ symbol.	Test cases with a variety of shopping scenarios capturing above criteria should be available. The tester should have the option to apply or not apply tax credit to medical plan enrollment. If the tax credit is higher than the plan premium, the system should communicate that the net premium is not a negative amount.						
Plan Shopping & Comparison	All current plans available to shopping groups in their geographical area as of the day they shop, should be displayed. The plan display including headers and plan details should be reflected in the UI per the UI design and requirements. All filter options should be available to shopper (metal tier, provider, deductible, out of pocket maximum, plan type, prescription drug benefit, presence of flex well). Plan mapping logic should also be accurately reflected in the display. Shopper should have the ability to drill into plan details and compare up to three plans side by side. A shopper should be able to select a plan detail or comparison UI. A shopper should be able to select a plan then navigate back to change plan choice	Test cases with shopping groups in all seven different geographic areas should be run. The testes should be able to review plans in all plan display options as well as filter will all specified filter options. The tester should be able to select a plan and proceed forward, with the option to navigate back to make a change to their plan selection.						
Plan Selection	A shopper should be able to select a plan (as their plan) in the plan detail screen or plan comparison screen. A shopper should be able to select a plan and proceed forward in the shopping experience, with the option to navigate back, in the shopping experience to change their plan selection until the point of submitting final enrollment.	Three test cases with selecting a plan in different screens should be run. The tester should be able to select a plan and proceed forward, with the option to navigate back to make a change to their plan selection.						
View Plans in Cart	A shopper/applicant must be able to view selected medical plan(s) and selected dental plan(s) (if applicable) in their shopping cart. A shopper must be able to remove a medical or dental plan from shopping their cart with the option to navigate back to select another plan. The rules and requirements with a shopper/applicant enrolling in medical only vs medical and dental must comply, therefore system not allowing a shopper to proceed to enrollment with only a dental shopper/applicant plan in cart.	Test cases with a variety of plan options in cart (medical only, medical and dental, should be run. The tester should be able to remove plan(s) from cart with the ability to navigate back to select different plan(s). The tester should be able to see new plan options in cart after changes are made.						
Enroll and Esign in Plan Process Enrollment Transaction	A shopper/applicant must be able enroll by esigning after plan selection(s) have been made. The available signers of the shopping group should be accurately displayed as available signers. After an esign has been executed an enrollment transaction should be recorded in Siebel and an interface transaction should be triggered in real time to the selected carrier(s).	Three test cases with shopping groups with multiple members age 17 years old and younger, and age 18 years old and older, should be run. The tester should be able to select any available signer's name and sign by putting name in available field box Three test cases with ability to esign and submit should be run with the outcome of a completed transaction						
Plan Selection Provider Search/Filter	A shopper/applicant must have the ability to identify specific providers by name and shop for a plan that includes the specified provider they have identified. This includes the ability to filter by plans that include specific identified providers.	Three test cases with ability to enter one or more provider names and filter medical and dental plan options to reflect only plans that include the providers.						
Medicaid Plan Selection Contingency Enrollment Effectuation (Siebel only)	When there is only a Medicaid Coverage Group, the user should see the IndivPlanSelect_02L for each shopping group option. They should not be taken through medical or dental plan shopping. When the user navigates to the "My Plans" section of their dashboard, they should only see the customer service message from IndivDash_06c. When there are both Medicaid and QHP Coverage Groups, the user should see IndivPlanSelect_02L for each Medicaid shopping group and then advance forward to shop for medical and dental for the QHP groups. When the user navigates to the "My Plan" section of their dashboard, they should see both the customer service message and the medical and dental plan details as shown in IndivDash_06g.	TC006, TC008, TC010, TC012, TC019, must all pass using the criteria described above						
								Plan Selection & Enrollment Medical Shopping Groups
								Dental Shopping by Individual Plan Rates & Details
								Plan Shopping & Comparison Plan selection
								View Plans in Cart Enroll and Esign in Plan
								Process Enrollment Transaction Plan Selection Provider Search/Filter
								Medicaid Plan Selection Contingency Enrollment effectuation (Siebel only)

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Functional Release Criteria: Financial Management		
Category	**Criteria Description**	**Testing**
Asset Management	Configuration of asset management is complete and the Cover Oregon Comptroller has approved the results.	A financial team member has passed testing of Asset Management in FTS and Pre-Prod
Agent Commissions (w/manual interface)	Billing and Payment staff must be able to view and successfully reconcile commissions paid to agents with the commission documents submitted by carriers in the testing environments.	CDTP-3807, and CDTP-3831 have been set to 'Ready for Prod' in the Pre-Prod environment
Carrier Assessment (w/manual interface)	Billing and Payment staff must be able to view and successfully reconcile assessments created by PeopleSoft in the testing environments with enrollments created in Siebel and passed to PeopleSoft.	CDTP-3604, CDTP-3742 and CDTP-3838 have been set to 'Ready for Prod' in the Pre-Prod environment
Individual Enrollment Synch (w/manual Interface)	Billing and Payment staff must be able to view and successfully reconcile enrollments created in Siebel and passed to PeopleSoft with PeopleSoft Enrollment Month Records.	CDTP-3889 and CDTP-3811 have been set to 'Ready for Prod' in the Pre-Prod environment
Accounts Receivable	Configuration of Accounts Receivable is complete and the Cover Oregon Comptroller has approved the results.	CDTP-3838 must be marked as 'Ready for Prod'. A financial team member has passed testing of Accounts receivable in FTS and Pre-Prod



Oregon Health Insurance Exchange Corporation (ORHIX) / Cover Oregon (CO) Monthly Quality Status Report

June 2013

Deliverable #2.3.l

Draft

Dated: July 21, 2013

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SECTION 1: Introduction

Cover Oregon (CO) recognizes the value of an independent, third-party formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

1 **Initial Risk Assessment** - identification of initial risks facing CO
2 **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
3 **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of March, 2013. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.

Since July 2011, the Oregon Health Authority (OHA) has led the design and implementation of the Health Insurance Exchange – Information Technology (HIX-IT) solution, building upon the Oracle products and Enterprise architecture envisioned by the State of Oregon.

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SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. In other words, progress in some areas since last month is offset by the fact that there is one less month until the federally mandated deadlines. Additionally, each rating category will carry a different relative weight when assessing the overall risk level of the effort. For example, while 10 out of 16 Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule", and "Inter-Org Coordination" remain high (red), which drives the overall high (red) risk assessment.

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally. For example, in order to meet the federal requirement that the Exchange be up and running by January 1, 2014, the system must be completed and ready to accept enrollments by October 2013. This is clearly a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is evolving rapidly and was dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of June , including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO continues to make positive and significant progress towards the launch of the Oregon Health Insurance Exchange. The organization has and continues to demonstrate flexibility and creativity in dealing with this complex and evolving landscape.
- CO is continuing to review and defer non-launch critical scope.
- CO had a Business Summit with LFO and DAS and OHA represented. The summit reviewed the various functional areas of the organization. In addition, CO and OHA presented the status of the Medicaid operational issues and challenges.

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- CO added additional development staff in an effort to incorporate as much scope as possible for the Oct release. In addition, CO added testing staff from Oracle for the SIT and performance testing efforts.
- CO has instituted a contingency planning group to help ensure that scope that is not completed can be worked around for launch.
- The FTS (Functional Test System) has been configured and the SIT (System Integration Test) team is now testing the releases.
- Significant progress was made with the development and delivery of the Medicaid interfaces into MMIS.

The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

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Table 1: Summary Quality Standards Scorecard

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Quality Rating Category	QA Risk Level	Priority QA Finding and Recommendations	CO Risk Level	CO Response
OVERALL HEALTH	[redacted]	• See below for specific priority recommendations. • Continue to review, update, and track all outstanding quality risks and recommendations.	[redacted]	• Overall Health remains high risk due to aggressive timeline and scope of work. Marketing and training efforts are well underway. Teams are closing in on finalizing the build, and in final preparation work for go live
Business Mission and Goals		• CO continues to develop a System Launch plan. This effort is intended to synchronize the development, business operations and marketing efforts for the initial launch. • CO had had a business operations review with Oversight present focusing on the business functional components of the Exchange. OHA was also present and expressed challenges in being operationally ready by Oct 1st.		• Business Mission -brand marketing and training efforts are underway to communicate to public and key users. • The Go Live Planning effort is intended to synch Business/Ops, IT and Launch Strategy efforts. Good progress is being made to prepare the teams for go live and be ready for triage.
Roadmap	***Med***	• The roadmap for the first release will be in flux until final development sizing for the remaining iterations are completed. This work is expected to continue into the final iteration. • A second release of the system is expected to take place in Dec of this year. This release will have features that are not critical for the Oct release, but critical for the Jan 1st date. • A roadmap business case process has been instituted and tested. A business case was created for the inclusion of Spanish for the Oct 1st release. The business case was reviewed and mapped against other priorities and slotted into a future release.	***Med***	• The longer term Roadmap for the CO product has shape but not definition. More defined planning efforts around scope beyond the 10/1, December and February releases will need to progress across the fall to prepare for the 2014 fiscal year and budget accordingly.
Scope	[redacted]	• The current CO release strategy is to launch all three lines of business in Oct 2013. The scope management tactics being employed are to add resources and/or trim features and functionality until the system can be released in Oct 2013. • CO has deferred the Medicaid Assessment work for the Oct release. The current plan is to implement Medicaid eligibility and enrollment for the Oct	[redacted]	• At the end of 17b (July) we have scope and LOE in balance with capacity for the 10/1 build. • The teams are working to identify the critical scope for December delivery and to have design complete including the Oracle FDD and TDD in advance of the start of development in October.

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Table 2: QA Risk Level Tracking

Quality Rating Category	*Sept '12*	*Oct '12*	*Nov '12*	*Dec '12*	*Jan '13*	*Feb '13*	*Mar '13*	*Apr '13*	*May '13*	*Jun' 13*
OVERALL HEALTH										
Business Mission and Goals	*M*	*M*	*M*	*M*	*M*	*M*	*M*			
Roadmap	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*
Scope										
Schedule										
Budget	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*
Funding	*M*	*M*	*M*	*M*						
Board Governance	*M*									
Inter-Org Coordination										
Organizational Management	*M*	*M*								
Human Resources	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*
Stakeholder Management										
Communication	*M*	*M*						*M*	*M*	*M*
Project Management	*M*	*M*	*M*	*M*	*M*	*M*	*M*			
Contract Management	*M*	*M*	*M*	*M*	*M*	*M*	*M*			
Product Content										
Testing	*M*	*M*	*M*	*M*	*M*					

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SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of June, 2013.

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Section 4: Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. At the client's request, unique numbering has been introduced for both risks and recommendations, to assist in tracking. For example, risks in the Business Mission and Goals section of the report can be identified as Risk-BMG-1, Risk-BMG-2, etc. Recommendations can be similarly, uniquely identified. The integrity of the numbering will be preserved during future reports.

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Table 3: Detailed Quality Standards Scorecard

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Quality Rating Category	May2013	June 2013	Risk Assessment Finding, Risks, and Recommendations
Business Mission and Goals (BMG)	[redacted]		
			Findings During Period: • CO continues to develop a System Launch Plan. This document is expected to further detail the various exchange functions and plans for the first release of the exchange. • The business mission and goals between OHA and CO are not fully aligned with respect to Medicaid. Work is being done in this area and significant progress is being made, however, the cultures and timelines are different. CO has formally notified OHA of their expectations, trigger events and dates they will use to determine if a contingency plan must be implemented for the Oct 1st release. IGA's are expected to be in place between the two businesses by Jun 15th of this month, however, they did not materialize. • CO had a business operations review with Oversight in June. The summit focused on the business functional components rather than operational flows.. ***Risks:*** 1. Closed 2. Without clear understanding, communication and alignment of the deadlines and priorities for the Oct 2013 release between the business units (CO, OHA) may result in delayed launch for Medicaid. 3. Without a detailed system launch plan, coordination of IT, OPS and Marketing may not be in full alignment for the launch window. ***Recommendations:*** 1. Closed. 2. Closed. 3. Closed. 4. (In process) The detailed system launch plan is intended to be an extension of the business model for the Exchange. This document should detail all relevant assumptions, risks, constraints and contingency plans. Update in detail, all revenue projections with justification of why they are valid. Update, in detail all costs with justification of their validity. This information should be used to model and determine long-term sustainability in a variety of circumstances. This information should be appended to the updated Business Plan. This plan should include Medicaid "take rates" for the electronic exchange, as well as references to source materials. 5. Clearly identify the business roadmap and ensure that it is connected with the business modeling and Business Plan. 6. Closed. 7. Closed. 8. Closed 9. Closed 10. Finalize the IGA's with OHA concerning Medicaid operations as soon as possible.
Roadmap (RM)	**Med**	**Med**	
			Findings During Period: • A roadmap business case process has been instituted. The first business cases are rudimentary and it is expected as the process matures that more sophisticated analysis will be provided with the business case.

SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	Cover Oregon agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue.
Business Mission and Goals	The Go-Live Launch team has been established and the plan is being developed. Cover Oregon agrees that the coordination between OHA/DHS and Cover Oregon policy and business operations is vital to planning operational procedures for Medicaid processing. Cover Oregon is working closely with OHA to clarify dates and expectations. OHA and Cover Oregon leadership are working together to resolve the Medicaid scope issue. OHA, DHS and Cover Oregon staff have been working together on multiple "work streams" related to Medicaid processing with decisions coming out of those meetings and being approved by OHA, DHS and Cover Oregon leadership authorized to finalize and sign off on these decisions. The launch plan is being developed to ensure successful day 1 (10113) operation.
Roadmap	The current road map outlines the products, services and functionality that will be delivered in Version 1.0 of the exchange. A cross-functional team is compiling and prioritizing products and services for post-1.0 upgrades in 2014, Version 2.0 and beyond. This work is based on a formal process for determining priority functionality and scope.
Scope	Remaining open scope issues are being resolved through the change management and development "blocker" resolution processes.
Schedule	Cover Oregon continues to build and update a comprehensive schedule as is outlined in the organization's schedule management process. New discovery will occur but Cover Oregon and HIX-IT have established adequate controls. Cover Oregon is also working closely with OHA to identify and mitigate project dependencies.
Budget	Cover Oregon agrees that by increasing Oracle development and testing staff to complete the first release has had an overall impact to the budget. Cover Oregon is also contracting directly with the vendors as part of the transition from OHA. The Cover Oregon budget is completely stand-alone.
Funding	In February 2013, Cover Oregon received Federal approval of its $226 million Level 2 funding request. Approximately $90 Million is for IT.
Board Governance	MAXIMUS correctly notes that the Executive Director and staff routinely meet with the Board and its finance committee, providing members with a variety of informational

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	documents.
Inter-Org Coordination	Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon is vital to planning the operations for Medicaid processing. Medicaid interfaces have been delivered and are moving into testing. Cover Oregon is currently utilizing PM staff for reporting and external interface management. On an ongoing basis the CO dependency on OHA will be exclusive to Medicaid interfaces & some Medicaid support operations.
Organizational Management	Cover Oregon agrees that the organization is growing at a very quick pace. The organization and its staff are adapting and managing to change.
Human Resources	The scope of the staffing strategy takes into account the need to manage from the hardware to application configuration and management. Finalizing scope deferral will help Cover Oregon address potential staffing/resource needs.
Stakeholder Management	Cover Oregon continues its proactive outreach and stakeholder communication efforts.
Communication's	The marketing and communications teams are preparing for any changes in initial launch so that expectations can be set with stakeholders and consumers, and marketing materials are appropriate to the situation.
Project Management	Cover Oregon agrees that scope and schedule must be managed very closely through final development.
Contract Management	Cover Oregon utilizes a Work Breakdown Structure (WBS) to identify activities to be completed on the way to Day 1 of open enrollment. Tasks that are assigned to contractors have been identified and are being tracked, as are other resources.
Product Content	Product content is now managed by CO. The findings in this report are outdated. Security implementation is well defined, Medicaid interfaces are developed. The technical documentation is in progress including architecture, technical and functional design. For Release 1.1 the expectation is that Oracle will be design complete before starting development on 10/2.
Testing	Cover Oregon is now managing the entire testing effort and is increasing level and detail of test reporting. Cover Oregon will closely coordinate the parallel aspects of all testing.

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SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

	Probable/eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
	Possible/unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT		
	Low	Med	High
High	MED		
Med		MED	
Low			MED

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Att A: Detailed Security Concerns (July 2012 Findings)

Findings:

- The current Identity and Access Management (IAM aka. IDM), Single Sign On (SSO), External Self-Administered Role and Role Based Access (RBAC) strategy is not well defined and can be characterized as follows (Note: this information was identified in the recent HIX-IT Logical Structure of Account 4 Whitepaper):
  - Every user in the system will have single sign-on capability in the system. This means that individual and business functions are comingled in accounts.
  - Identify proofing approach is currently unclear. Identity proofing is required to provide assurance of non-repudiation. Identity proofing of some form will be required by the Exchange due to the nature of the environment.
  - Identity proofing is currently at the individual level only. It is unclear how an employer, broker, employee, etc., will be proofed in the system for their specialized role.
  - Internal staff roles in the system are not defined.
  - External roles are intended to be self-administered, i.e., a user can join or revoke other users into and out of their accounts.

Risks:

1. Comingling of individual and business accounts is highly unusual especially in the health insurance field. While it seems like a convenience, it may not be desirable from a user, technical, or security perspective. For example, an individual user may also be a Broker. This person may log into their account at home on their personal computer. If this computer is infected with key logger, user account login information could be compromised. A malicious user would then have access to the Brokers personal account and also their Broker account which potentially compromises other employer accounts the Broker may be attached.
2. Identity proofing can be costly and can have a customer usability impact. If the ID proofing is considered to be too cumbersome by the public it can affect the use of the Exchange by the general public.
3. Additional levels of verification may need to be exercised for different roles in the system, For example, how will a Broker prove they are a legitimate Broker in the system? Not clearly planning, defining and detailing the strategy up front can result in significant delay or work stoppage in the project due to security, usability or technical issues that will continue to pop up in the project without a proper strategy and planning effort.
4. Internal system role definition may alter the expected business workflow of Cover Oregon. Doing this work later in the development or after the system is developed can cause rework and or surprises in staff workflow.
5. External self-administered roles currently known in the industry as Enterprise Dynamic Access Control (EDAC) create additional complexity of the public user experience. These types of architectures are relatively new for public use environments and if deemed too complex and not intuitive for average users, it can result in nonuse of the Exchange by the public.
6. Exchange liability for fraudulent activity due to ineffective identity management and self-administered roles is not fully evaluated. For example, Cover Oregon may be held liable or publicly embarrassed if a person fraudulently became a broker in the system and was found to be attached to a number of large Employer accounts. These types of externally, self-administered implementations are relatively new and fraught with risk for a known marketplace, let alone a marketplace in its infancy.

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Recommendations:

1 Account comingling: Cover Oregon should find an existence proof of individual and business comingling approach in the health care field prior to implementing this strategy. If precedence is found in the market, Cover Oregon should seek out the entity and be thoroughly briefed by the entity prior to making this decision.

2 Identity proofing: Cover Oregon should understand the requirements from CMS, IRS, etc with regards to what level of ID proofing is required prior to developing the IDM strategy. For more on Federal ID proofing levels please refer to NIST 800-63.

3 Identity proofing: Identity proofing techniques are both a Business and a IT decision. Cover Oregon will ultimately need to bear the risk that the selected approach poses (legal and user acceptance). Cover Oregon should take an active role in deciding and vetting the approach with the IRS, State DOJ and potential customers of the Exchange. Again, this is the front door to the Exchange access as should be a balance between business efficiency (customer acceptance) and security.

4 Identity Proofing/verification: There may be multiple layers of Identity proofing/verification required. Some users may need to provide proof as an individual only, Broker, and / or employer/employee. Cover Oregon should clearly define the requirements to HIX-IT and expect HIX-IT to create a detailed design document for ID and account management that is vetted with Cover Oregon.

5 Internal role definition: Cover Oregon should overlay role requirements on their internal workflow diagrams to ensure these are identified early in the development process. There are a number of engineering articles on methods for diagramming these requirements.

6 External Self-Administered Roles: Research should be conducted by Cover Oregon to fully understand what the failure rates of these types of implementations from a usability perspective. An expert should be consulted to guide Cover Oregon of necessary.

7 (Closed)

8 Reviewing analogous IDM and External Enterprise Dynamic Access Control implementations in the market place should be conducted by Cover Oregon. A comprehensive, detailed strategy should be developed and vetted by Cover Oregon and potentially an independent expert in this field.

9 Closed.

10 Where possible, full mock-ups or prototyping of the Identity proofing and external self-administered roles should be made available to the business to determine the usability impact to the customer experience prior to implementation. This determination should use market research and data to fully justify the decisions made.

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Att B: Detailed Tracking and Reporting (Updated June 2013)

Finding:

- The full scope of the project development work is not fully articulated to management at Cover Oregon in a comprehensive manner. The issues are as follows:
  - There are a number of areas that need developed, including:
    - Use cases (general configuration of HIX-IT Components)
    - Interfaces to external IT Systems
    - User Interface
    - Oracle Policy Automation rule development
    - Security
    - Content Management
    - Data classification and segmentation
    - Rework and refinement
  - (Closed) Currently the CO Project Management is reporting the state of the 200+ use case work packages as a method of tracking project progress to Cover Oregon Management. While this is important, it only represents a portion of the overall IT development work. For example, current use case iterations being reported on may only comprise 45% of the overall IT work.
  - (Closed) The current use cases that have been developed in iterations 9 through 12 are reported as "completed". According to the HIX-IT Product Planning document they are still rated as "blue" or incomplete due to the additional items identified above.
  - Requirements completion tracking is not in effect. Requirements/changes to requirements is ongoing.
  - CO is tracking progress against Use Cases and Level of Effort. These metrics are better than before, however, they do not provide a good schedule view which include dependencies is not accurate reporting to management.
  - Areas of the project do not track their progress using Use Cases and/or LoE, This disjointed reporting does not provide and accurate picture of the overall LoE of the project.

Risks:

1. Measuring Exchange Development progress via the number of use cases and LoE only will cause incorrect expectation setting and confusion on the part of Cover Oregon management over the coming months.
2. Calling use cases "complete" is problematic and may cause incorrect expectation setting and confusion on the part of Cover Oregon.
3. Lack of requirements monitoring and tracking will cause the timeline to continue to slip.
4. Without clear understanding of dependencies and connection to application development LoE accurate or reasonable timelines cannot be established and reported to management.
5. Lack of consistent estimating techniques among the various groups will result in surprises with respect to the delivery of items that are considered dependencies from other groups.

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Recommendations:

1 Cover Oregon should work with HIX-IT Program Management to establish a more comprehensive methodology for estimating the level of effort required for the major components of the project. Understanding dependencies of these groups is critical to reporting an accurate schedule.

2 The estimating methodology established above should be closely monitored by Cover Oregon to determine its accuracy over the next few months.

3 Cover Oregon PM should clearly articulate, via significant development areas and metrics, the IT development work in a manner that clearly represents a more comprehensive view of the project and progress, i.e., provide a more holistic reporting of the project development tasks

4 (Closed) The development areas and metrics identified above should be reported to Cover Oregon's management monthly basis at a minimum.

5 Dependencies should be included in estimating the overall timeline of the project, not just LoE and Use Cases.

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Att C: (Closed) Contingency Planning (Sept 2012 Finding)

Findings:

OHA OIS has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA has made and/or is currently making include:

1 Assuming the role of prime contractor for the overall state development effort.
2 Deploying technology that is largely new to OHA.
3 Deploying an integrated enterprise architectural vision that is largely new to OHA.
4 Deploying a new software development lifecycle (iterative) that is new to OHA.
5 Re-organizing the delivery model (centralized model) for IT projects within OHA.
6 Standing up new processes to support this new delivery model.
7 Merging the technology and business operations of three organizations (OHA, DHS and CO) and attempting to develop a "no wrong door" approach (see attachment D).

Furthermore, OIS does not have experience in estimating level of effort within the HIX-IT project team or within OIS foundational services team using a common estimation methodology. It may take several iterations to sync the methodologies when they are stood up.

A risk was raised by the Oracle development team regarding the use of a single instance of WebCenter for development. Oracle recommended that separate instances be used as the planning and coordination issues are considerable and likely will slow development. It is our understanding that a decision has been made by OIS foundational services (no written decision has been made available) to use a single instance.

Application and architecture decisions require Modernization agreement prior to implementation. The projects are on different timelines, have only partially overlapping priorities and have a different sense of urgency. See matrix below for priorities.

	DHS	OHA	CO
Individual Tax Credit	P3	P2	P1
SHOP Tax Credit	NA	NA	P1
MAGI (Medicaid/CHIP) eligibility, shopping and enrollment only	P2	P1	P2
Non-Magi			P3

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Other Medical			NA
Non medical	P1	P4	NA

The OIS and HIX-IT overall governance structure as stated in the Project Charter does not appear to be functioning. This process needs to be clarified, documented and made balanced and transparent for the business, and all development teams going forward.

OIS does not appear to have formal, detailed, documented, functioning, transparent technical governance or data governance committees.

The software applications are expected to be merged for the first time towards the end of the HIX-IT project. This has never been attempted within the OHA development teams to date. The technical components of the merge are known to some degree, but how the organization will approach and deal with "collides" on a business level has never been done in OHA/Cover Oregon.

OHA must produce, sync and baseline a variety of detailed schedules (HIX-IT, Modernization, Security, MDM, Environments, OPA/application business rules, SOA, Webcenter, PeopleSoft, IVR, UI, OBIE and CO) for this project to be successful.

OHA and the HIX-IT project has slipped a number of proposed deadlines to date (see scheduling section). Cover Oregon has a schedule that is highly dependent on the HIX-IT, Modernization, and OIS foundational services schedules. And vice versa.

A number of basic project processes are not fully implemented within the OIS project structure (e.g., change control, testing, common estimation methodology, common schedule methodology, common activity diagramming methodology, etc.)

The current high level CO Timeline and the more detailed MS Project Schedule do not have specific usability testing activities identified.

Risks:

1) With the project deadline less than 1 year away and the lack of a stable and experienced organization, development and delivery teams within OHA as well as the requirements delay within CO, the probability of missing the target date is currently an issue.

Recommendations:

1 CO should prepare a number of trigger points over the remaining timeline of the project to ensure that scope is continually sized to meet the target date. For example, on November 5th 2012 OHA OIS is scheduled to deliver a detailed project schedule for the remainder of the HIX-IT project. On this date, CO should

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have a formal review with the OHA CIO, HIX-IT, foundational services project teams and QA to understand in detail the project approach, schedule, dependencies and issues. This information can then be utilized to gauge the progress against an internal CO confidence checklist. The objective of this review should be to determine if significant components of scope should be deferred. Each trigger point would have a different checklist depending on where the project is on the timeline. An example of a checklist for Nov 5th could be as follows:

- Can scope be locked?
- What percent of scope is outstanding?
- Are schedules for all of the project areas complete, detailed, synced, and tracked using a common methodology?
- Are all project schedules being developed with a common estimation methodology?
- Are key dependencies identified within the schedules and are they listed for the executive management to review?
- Do the schedules have any slack in them and/or does all the scope fit within the current schedule?
- Do the schedules allow for any refinement once the system is constructed?
- Do the Oracle teams agree with the schedules?
- Have Modernization and CO documented the integration points within the application for "No Wrong Door"?
- Is the data that is to be passed from each application clearly documented?
- Is HP ALM operational?
- Are the test teams on board?
- Is there a functional, technical and data governance structure that is balanced and transparent to CO in place and operational?
- Are notes and decisions from these committees clearly documented for the development teams to build from?
- Etc.

The answers to this checklist can then determine a go/no-go for the current scope. If the decision is a no-go for the current scope, CO should have a list of predefined, prioritized and agreed to scope reduction options that can be employed immediately. Scope reduction options could be looked at from a horizontal (across all CO application components) and then, if need be, from a vertical application perspective. An example of scope reduction options could be as follows:

Scope reduction examples from a horizontal perspective:

- Reduce the complexity of the current architecture.
- Defer the merge and rebaseline of code until after go live.
- Implement separate instances of Oracle components that are dependent on interagency business integration.

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- Reduce the dependency on the integration with other programs by deferring the "No Wrong Door" approach.
- Implement UI wireframes using Siebel.
- Etc.

Scope reduction examples from a vertical perspective:

1 Defer significant portions of the PeopleSoft components and process the billing manually.
2 Defer electronic plan loading from the Carriers.
3 Defer online Medicaid eligibility, plan selection and enrollment within the Exchange and process them manually.
4 Etc.

Each of these options would be pre-sized so that depending on the amount estimated schedule variance or slack desired by CO an equal amount of scope can be deferred. For example, if the schedule is off by 20% and reducing the complexity of the architecture can save 20% in the schedule then this would be employed because it is prioritized high and equals the needed time savings.

The formality of this process will give CO executive management a clear understanding of the project status and enable them to pull the appropriate levers to make the project successful at a variety points in the upcoming year.

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Att D: "No WrongDoor" Cooperation (Sept 2012 Finding)

Findings:

OHA/DHS and CO have a general agreement to create a "no wrong door" approach for eligibility and enrollment for state-sponsored medical programs and commercial insurance. This requires the businesses be aligned from both the operational perspective and the informational technology perspective to create a "to-be", future business state model. This is truly a transformation to the way that health coverage is to be administered across the state. Unfortunately, there is no clear authoritative document that defines the expectations for all the programs, authority/delegated authority, governance and detailed functional roles and responsibilities.

This overall business transformational effort that is being under taken is also not currently being tracked like a formal project. Typically a project of this size would have specific governance reporting, charter, scope, tasks, milestones, deliverables, and deadlines for the interagency work that is to be accomplished both operationally and technically.

For example, technical/architectural decisions are being made that may not fully align with the intent of the CO business model. The situation is aggravated by the lack of clear and comprehensive documentation for interagency cooperation with respect to requirements, process interface points, data passing, data sharing, portal entry and exit points, identity and access management, and document sharing.

Risk:

- Lack of a clear, detailed, integrated view of "no wrong door" will hamper a smooth implementation of this vision
- Lack of clear direction, governance, and delegation of authority from the OHA, DHS and CO leadership will result in a missed opportunity to integrate the "no wrong door" approach in time for the October 2013 opening the Exchange.
- Lack of a formal structure for this interagency business project will result in open ended work that may or may not yield sufficient information in time to be incorporated into the development schedule.
- Without clear direction/requirements from the businesses, technical decisions will be made that may or may not align to the long term operational plan for the businesses. This may require rework or additional future project to realign the technical decisions being made.
- Without clear operational agreements, staff will not be efficient in executing required transitional tasks for their programs, e.g., process reengineering, job reclassification, resource plans, inter-program agreements, etc.
- Without a defined process, project, and governance transparency, QA, development, operations, and executive management in the stakeholder agencies will not be able to monitor the progress of the effort to ensure that it is

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implemented in a timeframe and manner that fits the vision outlined by the Directors of OHA and DHS, the Executive Director of CO for the State of Oregon.

Recommendations:

- The Executive Directors from OHA and CO should commission the business leaders to draft a charter document for interagency transition project. An example of the makeup of a charter document may include:
- General vision of all the leaders.
- Scope, which identifies all the agency programs that are required to participate in the effort.
- Governance structure that identifies the two Executive Directors of OHA and CO as the sponsors identifies the business executive's steering committee and their responsibilities.
- Assignment of a project manager and scheduler that will produce a baseline schedule within 15 calendar days of charter implementation.
- High level deliverables, such as:
    1. All relevant agencies submit detailed information to a "no wrong door" operational and technical plan that will identify the "to-be" operational and technical requirements. This document will be required to be delivered to the steering committee no later than 45 calendar days after the project charter is released. This document should include:
    2. Identification of all policy changes for each program with respect to the "no wrong door" initiative.
    3. Identification of the following information about each on-line application:
    4. General screening requirements for all programs (Medicaid, QHP, etc).
    5. Detailed map of how clients will access each program through the on-line portal (client direct, community partner, navigator staff portal, etc).
    6. Specific data elements that is required for each application when they are passed from another application.
    7. Identification of a common point of transfer (after screening, after application completion, etc.)
    8. Identification of a common point of entry from a transfer (at additional screening point, selection of benefit, etc.)
    9. Identification of the following information about their handling of paper and fax applications, phone/IVR applications:
    10. Identification of the agency that will handle processing of specific applications/or portions of applications.
    11. "Warm" handoff of clients that call in and require a transfer to another agency.
    12. Identification of common staffing of support and customer service centers, if required.
    13. Identification of any issues, risks, barriers, roadblocks or concerns to implementing the operational and technical plan. Along with any roadblocks, barriers or concerns, the agency should propose a solution or solutions as a remedy.
    14. Recommendations for the content of an integrated transition plan.
    15. High-level schedule, including definition of "no wrong door" process flows and detailed requirements.

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Att E: (Closed and Deleted) Architecture Simplification (Nov 2012 Finding)

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Att F: Risk Analysis for Security Implementation (Jan 2013 Finding)

Finding:

A formal security risk assessment has not been conducted on the following items:

4 Individual authentication and ID proofing process
5 Employer authentication and ID proofing process
6 Medicaid authentication and ID proofing process.
7 Co-mingling of business and user functions within the same user account.

The standard approach to implementing security controls is to utilize best practices as a guideline. Typically NIST 800 series documents are considered best practice guidelines and should be utilized in conjunction with other vendor best practices if available. Typically vendor best practices also rely on the NIST and other federal and industry documents and provide additional details as to how to implement specific products.

> **Cover Oregon Response:** Because of the nature of Cover Oregon and the type of info it will be gathering and sharing (PMI), it will need to be HIPPA compliant (which includes PMI requirements), we need to make sure we are addressing those requirements in this attachment, or some other attachment.
>
> Cover Oregon met with the state to get that process started. There is a checklist of all the things that the state feels Cover Oregon will need to address in order to meet the Federal HIPPA requirements. The Security Officer that Cover Oregon is in the process of hiring should own the completion of the processes laid out in this checklist as well as develop a timeline for completing all of the items in the above mentioned checklist then add those major milestones in Cover Oregon's project plan so there is wider visibility on the completion of those major milestones.

The NIST documents typically will use the term guideline in their titles and will often link to other federal documents that are to be considered prior to the reading of the current document. The Office of Management and Budget (OMB) will issue circulars, bulletins and memorandums as guidance to Federal, State and Local governments.

In this area of e-authentication NIST 800-63 'Electronic Authentication Guideline' references the 5 step process from the OMB M 04-04 'E-Authentication Guidance for Federal Agencies'. Page 1 states the following:

OMB guidance outlines a 5-step process by which agencies should meet their e-authentication assurance requirements:

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1. Conduct a risk assessment of the government system.
2. Map identified risks to the appropriate assurance level.
3. Select technology based on e-authentication technical guidance.

> **Cover Oregon Response:** Cover Oregon has been working closely with Oracle and the State to ensure that all applications & required hardware are compliant with all security requirements

4. Validate that the implemented system has met the required assurance level.

> **Cover Oregon Response:** The new Security Officer that Cover Oregon is in the process of hiring will conduct this, and will be part of the "timeline" referenced above.

5. Periodically reassess the information system to determine technology refresh requirements.

> **Cover Oregon Response:** This will be part of the policies & procedures that the new Security Officer will be finalizing upon their hiring.

This document (NIST 800-63) provides guidelines for implementing the third step of the above process. After completing a risk assessment and mapping the identified risks to the required assurance level, agencies can select appropriate technology that, at a minimum, meets the technical requirements for the required level of assurance. "

Steps 1 and 2 of the 5 step process above are addressed by the OMB 04-04 document. On page 1 of the OMB M 04-04 document it states, 'This document will assist agencies in determining their e-government authentication needs. Agency business-process owners bear the primary responsibility to identify assurance levels and strategies for providing them. This responsibility extends to electronic authentication systems." This document also states in section 4.4 "It is also important to match the required level of assurance against the cost and burden of the business, policy, and technical requirements of the chosen solution."

The HIPAA security rule, IRS 1075, NIST 800-63 and OMB 4-4 all recommend a risk analysis as a key part of the process for designing security controls for a government agency.

In general, a good risk analysis not only includes the probability of threats and vulnerabilities from the security perspective, it also includes the burden (cost, complexity and usability) to the business of implementing the recommended security control. It must do this because some security controls may be too costly or too complex for the agency or the public for which they serve.

Cover Oregon Response: Cover Oregon started the process of working with the State on this assessment, and definition of ongoing policies and procedures to ensure compliance now and into the future.

The state will need to make an initial response to the Federal Government on the steps that Cover Oregon has taken and will need to take over in the coming months to comply with all Federally mandated HIPPA and other security requirements. Various Cover Oregon resources are engaged in this effort.

Risks:

- Enrollment rates and brand perception can be affected by an exchange user experience that is considered too complex or difficult.
- Without a proper risk analysis by a skilled security professional (inclusive of business risks) OHA and CO will be at odds as to what are the technical risks are and how they are balanced against the business requirements.
- The business and technical side, given deadline pressure, will indicate that it is too late for a proper risk analysis and that the project must accept where it is and move forward anyway. This may be true, however, this issue will plague the business for years to come either by reduced online enrollees or by being compromised by malicious actors.
- Both sides (technical and business) will state that it is too late to conduct the risk analysis. This may be true for the April 30th deadline, however, if the initial system proves to be too cumbersome to navigate during usability testing or to easy to compromise, a system retool may be necessary prior to Oct 1 launch. Without a proper risk analysis the retool runs the risk reopening the debate between technical and business groups and/or of moving the system to the other extreme.
- Without a balanced risk analysis the system design at launch will be dictated by the loudest voices, fear, uncertainty and doubt arguments from both sides of the issue. Typically the technical groups will err on the side of too much security and the business will err on the side of too little security. Both conditions are problematic.
- Without a firm foundation on the true technical risks the security and business groups will be at odds with each other and with CMS and IRS in the future. Lack of foundational analysis will set the stage for a constant rehash of the issues.
- The State of Oregon was given an "Early Innovator Grant" with the understanding that new ground will be broken in many areas. The Federal government expects to be challenged and also to learn from the experiences of the innovator States. These experiences help to shape policy, best practices or federal guidance. The security issues above are very good examples of a new area that will benefit from thoughtful analysis that can be shared with the Federal government and other states going forward.
- Federal regulations require Cover Oregon to comply with HIPPA requirements due to the PMI information CO will be gathering and sharing through the exchange. Failure to comply with these requirements could result in sizeable fines and/or shutting down the exchange

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Recommendations:

- Request a formal report from the Federal entities on their risk analysis that supports any position they may currently have. Have this report reviewed by an outside security firm that is skilled in balancing security and usability for government and ecommerce systems.

  Cover Oregon Response: The state is working on this report with the support of Cover Oregon.

- (In process) Hire a national security firm to conduct research and a security risk analysis that is limited to the scope of the items identified in the findings above. This analysis can then be used to adjust the system security controls prior to, or after the launch if required.

  Cover Oregon Response: Cover Oregon will take this into consideration

- Release the research and security risk analysis results to CMS and other states as a model of how to balance security and usability for Health Insurance Exchanges going forward.

  Cover Oregon Response: Cover Oregon needs to hire a Security Officer who will ensure all required policies and procedures to meet the HIPPA requirements are completed. By working with the state, the Security Officer will validate Cover Oregon meets all HIPPA requirements prior to "go-live" and has the ongoing reviews, validations and audits required to ensure continuing compliance with those same HIPPA regulations.

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Att G (Updated May) Scope Management and Product delivery (Feb 2013 Original Finding)

Cover Oregon Response: Cover Oregon has deployed a business-driven Scope Management process that supplements original scope management work that began in August 2012. The basic process includes:

- A recurring meeting that includes a cross-organizational team of executives and decision makers.
- An information-based approach that considers mitigation opportunities through: (1) reducing/delaying scope; (2) increasing development capacity, and; (3) expanding the development timeline.
- A regular update and evaluation of scope delivery metrics that allows immediate adjustments and additional actions to be taken.

The results of this process have been positive. The team realizes that there is still considerable risk that must be managed. The following changes have occurred so far:

- Technical interfaces have been reduced from 62 to 39 -- a 37% reduction in interface scope.
- At-risk Medicaid data exchange scope has been managed through communication of a "must have" 4/1 date for completion with planned work-around by Cover Oregon if not delivered. Expectations for what will be delivered on 4/1 were clearly articulated to OHA partners.
- Less than 2 months ago, Maximus estimated that the functional scope was 5 months behind with development work (including merge and rebase; the most recent estimate is approximately 30 days.
- Foundational services scope, while still a struggle for Cover Oregon to affect within OHA/OIS, has seen progress and is now integrated into the functional scope dependencies and management process.

In addition to the work mentioned above, other practices have been deployed to expedite scope issue resolution and decision-making. A 3 x weekly "Scrum" call provides cross-functional issue resolution and tracking with the JIRA system. Most recently, a 3x weekly Development Blocker Resolution meeting was deployed and deemed successful by all involved. Cover Oregon has carefully considered the input provided by Maximus and remains open and attentive to the high quality assistance that has been provided on this project. Cover Oregon also realizes that continued focus must be applied to scope management to navigate toward a successful 10/1/2013 launch date.

Findings (Updated May):
Additional Scope has been deferred to 12/1/13 in order to achieve the Oct 1st delivery date. Details of the deferment are not yet published. It is expected that the deferment is focused primarily on back office functions and functional components not required for pre-enrollment, i.e., customer service, billing, etc.

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A 20% slack was added to the schedule as part of the scope deferment.

A business use case process has been instituted and is beginning to prove effective in the scope management process.

Risks:

- Past deferment efforts have proved insufficient due to an over optimistic expectation of requirement elaboration containment, task dependency control and development level of effort estimation. It is unclear how this process has changed to correct past estimation errors.
- Scope deferment requires effort from BA's, SME's, development and test personnel. LoE and may not be accounted for in the deferment process.
- 20% slack is probably not sufficient, 30+ % was recommended by QA months ago and this proved to be optimistic.
- Testing schedule will continue to be compressed as additional issues arise and have to be mitigated for in the schedule.

Recommendations:

1. Closed.

2. Closed.

3. Closed.

4. Additional slack should be provided for in the schedule beyond the 20% currently estimated.

5. Continue to refine the Business Case process by challenging the SME's to detail and refine their facts and estimates used in their justifications.

6. CO should prepare for additional scope deferment or schedule slip to the Oct 1st date.

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From: LAWSON CAROLYN [redacted]
Sent: 11/20/2012 3:15:35 AM +0000
To: KARJALA Aaron [redacted]
CC: LAWSON CAROLYN [redacted] CVETKO John [redacted] Jon C Lemelin/MAXIMUS [redacted] Karen EDGECOMB [redacted]
Subject: Re: LFO Deep Dive - agenda?

I am glad Mark is engaged and Jim will be as well. That should help a lot. Even in your email there is a mis perception. The analysts I was asked to do by Rocky and Brice was regarding Exeter's claims not the project architecture. It only highlights that we need to talk to one another and not allow rumor to take on a life of its own. It is difficult when the first time I hear of your concerns is in an oversight interview, when that happens it does feel like a blindside, This can be solved by clear and open communication. If you have issues or concerns, bring them to me first so I am not hearing about them through third parties, I don't think that is too much to ask.

Carolyn Lawson
Chief Information Officer
Oregon Health Authority and
Oregon Department of Human Services
[redacted]

Executive Assistant:
Jane Malecky-Scott
[redacted]

On Nov 19, 2012, at 6:24 PM, "Karjala Aaron" [redacted] wrote:

> Carolyn,
>
> I and the team had already began talking with Mark about the architecture, and have shared concerns and the desire to briefed in detail about how the architecture is constructed to ensure flexibility towards an independent path in the future. In my initial meetings with Mark, I have asked for how our business architecture overlays the technical architecture and how specifically we will have the flexibility towards an independent path. Mark has already begun to work with me and the Cover Oregon team to determine how the architecture meets our business model and principles. In addition, I understand that Rocky and Bruce had asked you for an architectural alternatives analysis that could give us further information. For that reason, I do not understand why you would feel blindsided by independent oversight merely repeating what we've all been discussing at multiple levels. I take particular exception that any type of oversight is being used in any way besides identifying areas where there is potential risk on the project. In fact, our increased level of questioning about the architecture has arisen from QA identifying risks and following up with recommendations of which we have responded to.
>
> I look forward to the detailed briefings and per your earlier email this morning think it would be extremely helpful to have Mark and Jim in our weekly meetings which were setup earlier this year to ensure smooth lines of communications.
>
> Aaron

Aaron Karjala | Chief Information Officer | **Cover Oregon** | [redacted]

From: Lawson Carolyn [redacted]
Date: Saturday, November 17, 2012 11:47 AM
To: Karjala Aaron [redacted]
Cc: CVETKO John [redacted], Karen Edgecomb [redacted] Jon C Lemelin/MAXIMUS
Subject: Fwd: LFO Deep Dive - agenda?

Arron,

I wanted you to see this email string because it is troubling to me. I know there is high anxiety about the HIX link to modernization but as I have expressed before this in no way will exclude the possibility of CoverOregon following an independent path. Please don't let everyone's fear or misunderstanding of the technology approach become urban legend.

We are building and have been building the systems from the beginning to be independent but related through using services (not hard code modules but services) as a shared component. This approach has allowed for a different kind of cost allocation, meaning enabling the use of Modernization dollars to help build the services saving the HIX build millions.

We will have the Oracle on line training up in January. When you go through some training on the components you will see that it is easy to split off any of the shared services (even run them in separate physical places if needed) and link them back via SOA or fusion or even direct links. It is not a choice between one or the other. It has always been "both and."

The interwoven or highly dependent link for Modernization is a business link not technology. 80% of Medicaid eligibility is determined in the DHS field offices. Those same field offices may need to be able to handle tax credits etc as well if there is to be a seamless customer experience. How this all works from a business perspective is up to folks like Nora, Triz and Cathy Kauffman. The technology is the easy part - IT can accommodate any decision they make. That is the beauty of the Oracle infrastructure, very little carving stone if you do it right (configure not code remember?)

Mark Perkins would be a great choice to do a deep dive on this for the presentation. I also suggest that if you still have concerns that you not just voice them to oversight but come to me directly. First it is not fair to blindside me using oversight as a club and second, I can not help if I am not looped into the discussions. I will ask Mark to walk you and your team through it all. That is one of the reasons why he is here and why he has begun to make architectural changes - to ensure CoverOregon can choose any business model in the future they want to and not trapped by technology or have to break what we have built to get where you want to be.

I hope this helps. Truly, we all can avoid some confusion and pain if you would speak to me directly, We all want the same thing - a strong viable Exchange - however that may be defined by Cover Oregon.

Carolyn Lawson
Chief Information Officer
Oregon Health Authority and
Oregon Department of Human Services
[redacted]

Begin forwarded message:

From: Lawson Carolyn [redacted]
Date: November 17, 2012, 10:10:43 AM PST
To: Jim Mccauley [redacted]
Cc: LAWSON CAROLYN [redacted] Mark Perkins [redacted] Powell Steve [redacted]
Subject: Re: LFO Deep Dive - agenda?

My guess is that what is really behind this is that in the not so distant future, after this project is no longer under legislative oversight the Corp will want to break away from OHA. The critical dependency is Medicaid eligibility and enrollment including open enrollment on Oct 2013 for the CCOs. This is in part why I have been suggesting the MDM approach we are now implementing

We do need to understand that oversight is in the room. The only real concern is that Modernization and Shared Services will be painted in an inaccurate light. There is no need to do that. We can accommodate CoverOregon independence and develop shared services at the same time. I think folks forget these are services which are being shared not single hard coded module.

Does this help?

Carolyn Lawson
Chief Information Officer
Oregon Health Authority and
Oregon Department of Human Services
[redacted]

On Nov 16, 2012, at 5:10 PM, "Jim Mccauley" [redacted] wrote:

All,
Yesterday I was interviewed by John Cvetko, Maximus and he had just come from interviewing Aaron. One point he kept asking about was why HIX is so tightly integrated with Modernization. He indicated that Hix Corp may want to split off from state systems once they are fully up and running. Below I have pasted in a meeting request from Robert Brock, Point B, regarding the two day deep dive that HIX Corp is having for LFO. It talks about showing "we are not hampered by Modernization's time line" and able to "support a nimble e-commerce business and website". I will make sure we get our ducks in a row and review with Amy before any presentation as I would not want this to cause yet another stir with Bob. I recommend that Mark presentation at the LFO deep dive and hit these points hard. I appreciate any insight or guidance on this.
Thanks,
Jim

Meeting request from Robert Brock. jt



Shared Services

We need to have you and your team work with Cezer Boylan to show where we are in shared dependencies with modernization. We need to show we are not hampered by Modernization's time line and that we have that reflected in our shared services and HIX-IT schedules. We need to delineate all the shared services components and how we will rely on them in the operations of our system, decision making etc. How can they support our business model that needs to operate as a nimble e-commerce business and website (as an example)?

How soon can we get our architecture group together? Can we meet Monday the 26th after our iteration and risk meetings? Though we might need a chuck of time to get our approach right. I would encourage us to get our respective documents selected out of our libraries and bring them to the meeting to

see how we can show linkage (knowing that we will have to "catch up" with the documentation in a more formal fashion when we get the resources to do so. We can say we are using short hand, i.e., our selected documents to show we are building responsibly sans any more formal updated doc set.

Make sense? I attached some of the docs I send this morning as well again – the agenda and the calendar of our reviews.

Please confirm with me the availability of your resources to support this conference. I know that Mark Perkins will be attending both days. How much time will you have to also attend as much as you can?

Robert



From: LAWSON CAROLYN [redacted]
Sent: 12/20/2012 8:30:44 PM +0000
To: KARJALA Aaron [redacted]
CC: LAWSON CAROLYN [redacted] Powell Steve [redacted]
Subject: Re: Cover Oregon

No worries., been there before - all is well that ends well :-)

Carolyn Lawson
Chief Information Officer
Oregon Health Authority and
Oregon Department of Human Services
[redacted]

On Dec 20, 2012, at 11:25 AM, "Karjala Aaron" [redacted] wrote:

> Oh my gosh!!! I am SO sorry. I just got that adrenaline hit that happens when a big mistake is made. Thanks for handling that with Mark Perkins. I wanted to get the message out quickly so that we didn't exacerbate the conversation. My apologies on this one.
>
> Aaron

From: Lawson Carolyn [redacted]
Date: Thursday, December 20, 2012 10:15 AM
To: Karjala Aaron [redacted]
Cc: POWELL STEVEN [redacted]
Subject: Fwd: Cover Oregon

I think you picked the wrong Mark to send this to. you send it to Mark Perkins, not Point B Mark. I did have a conversation with Mark Perkins and we are OK

To clarify by not engaging I meant not to engage in an argument not to withhold conversations. Mark Perkins needs to be part of the conversations or we go nowhere. What we can't afford is to pick fights with one another. After speaking with my team, I believe we all want the same outcome, but as we all know the devil is in the details. I will manage my side as I know you will manage yours. Call me or Steve if you need anything. I am out until Jan 2 (but available via my personal cell) Steve is here this week and then out until Jan 8.

Carolyn Lawson

Chief Information Officer
Oregon Health Authority and
Oregon Department of Human Services
[redacted]

From: Mark Perkins [redacted]
Date: December 20, 2012, 9:41:46 AM PST
To: Lawson Carolyn [redacted], Powell Steve
[redacted]
Subject: FW: Cover Oregon

I am sure he did not mean to send this to me. Do we need to talk?

[redacted]

From: Karjala Aaron [redacted]
Sent: Thursday, December 20, 2012 10:40 AM
To: Mark Perkins; Matt Lane; Reynolds Garrett
Subject: FW: Cover Oregon

See Carolyn's message. Privately, I heard that Mark Perkins is being marginalized on much of the architectural discussions...Seems like a snake pit over there.
Keep this to yourself, but heed Carolyns advice not to engage Mark too much on architectural conversations.

AK

From: Lawson Carolyn [redacted]
Date: Thursday, December 20, 2012 9:31 AM
To: Karjala Aaron [redacted]
Subject: Re: Cover Oregon

Thx so much. Mark Perkins is vibrating pretty hard because he is concerned that our architecture is going to get blown to bits. (Yes, I am exaggerating but the undercurrent exists). I will work with Mark. If he is overly assertive before I have a chance to get to him, the best approach is not to engage on that level. I will bring him around. We should all meet early January for a face to face discussion.

Carolyn Lawson
Chief Information Officer
Oregon Health Authority and
Oregon Department of Human Services
[redacted]

On Dec 20, 2012, at 9:23 AM, "Karjala Aaron" [redacted] wrote:

> Thanks for bringing this to my attention. I will talk with the team to make sure that we are limiting conversations with others outside of our small group. I can help quiet this on our side.
>
> Thanks,
>
> Aaron
>
> **Aaron Karjala** | Chief Information Officer | **Cover**
> [redacted]
>
> **From:** Lawson Carolyn [redacted]
> **Date:** Thursday, December 20, 2012 9:03 AM
> **To:** Karjala Aaron [redacted] Reynolds Garrett [redacted]
> **Subject:** Fwd: Cover Oregon
>
> While we know we will get to this place, at the moment these discussions are causing a lot of anxiety. I see independent operations after release in October with collaborative work until then. We cannot afford disruption at this point. Anything you can do to help quite this down would be helpful.
>
> Carolyn Lawson
> Chief Information Officer

Oregon Health Authority and
Oregon Department of Human Services
[redacted]

Begin forwarded message:

From: Mark Perkins [redacted]
Date: December 20, 2012, 8:48:35 AM PST
To: Lawson Carolyn [redacted]
Powell Steve [redacted]
Subject: Cover Oregon

On another subject that might warrant a call…
I am hearing rumors that CO will be making their own architecture decisions going forward. This was just a comment during a SOA call but wanted you to know that the scuttle butt is beginning to fly.

--
Regards,
Mark
[redacted]

From: LAWSON CAROLYN [redacted]
Sent: 10/25/2013 5:06:35 PM +0000
To: KARJALA Aaron [redacted]
CC: LAWSON CAROLYN [redacted]; Chad Naeger [redacted]
Subject: Re: Looking under the hood

Aaron

Please remember this is not meant to be accusatory. It is a view from my chair which is not sitting as close as you are. The term cowboy coalition is a term which means groups (coalitions) which are driving hard independently. I do not think nor intend to imply individuals are cowboying on purpose.

Sent from my iPhone

On Oct 25, 2013, at 8:25 AM, "Karjala Aaron" [redacted] wrote:

> Chad, are you in agreement with Carolyn's assessment? If so, I want details on who the cowboy coalition is so that we can rectify this immediately. I also want to know why this hasn't been brought to my attention before now. Additionally the assessment I did yesterday after talking with you two is that the basic approach to the development between the two code bases are in fact the same, but that the integration and automation of the CO code base is extremely wide in scope in comparison to what has been done in MOD. Both of us are using session tables that are written down into Siebel, so that was not an accurate assessement. The difference has to do with the number of attributes between the OPA app rules base and the OPA FD rules base, the number of interfaces required to support exchange activities and the need to have a fully functional portal which can accommodate individuals, agents, small employers, etc. If we were to take the MOD code base and extend it, we would need to redevelop everything that was developed even before I15 and the overall architecture and approach would end up being very similar. As you have mentioned in the past, the system was at about 80% completion when CO took the lead responsibility for delivery.
>
> It is extremely important to me that I address the assessment below, so I'd like a private conversation with Chad and I will be following up with you after I've gotten the chance to get a fully balanced and accurate review.
>
> Thanks,
>
> Aaron
>
> [redacted]
>
> **From:** Lawson Carolyn [redacted]

Date: Friday, October 25, 2013 7:08 AM
To: Karjala Aaron [redacted]
Cc: Chad Naeger <[redacted]
Subject: Looking under the hood

Hi Aaron,

Let me start by saying I hope you find this helpful. I am not trying to get in the way or tell you what to do, just provide a perspective. If this feels like a bunch of garbage to you then throw it out and move on. No harm, no foul.

I did some research and found that what we are building on here at OHA is the same code base we delivered to CO when you asked for migration to your own environment. Folks on my side believe that is when the direction changed. It started to become apparent around iteration 15 or 16 but my team stayed out of the discussion because it was made clear at that point that they were no longer participants from the CO perspective. I am not saying that is right or wrong, it just is. I am sure it seemed right at the time.

I asked what they thought the barrier was to progress on the CO side. They expressed that there a lots of very talented folks performing heroic efforts in a very uncoordinated way when it comes to development standards. The work on the outside looks coordinated, meaning there is focus on what needs to get done or what needs to get fixed in core areas, but the development approach is not coordinated. One term I heard to describe it was "cowboy coalition". Everyone is working very very hard, but approaching the development strategy from each individual perspective which is why individual parts seem to work but the whole application will not.

Bottom line the lack of consistency is creating collides. Where it is most apparent is in the data and interfaces. The data is always the part which tells the story. The questions you need to ask are: Is there stability in the mapping meaning are the data elements static or fluid? If the data elements are still in a fluid state, if they are being changed for any reason without strict change control, then you have no base to work from and you cannot succeed. Can data be saved correctly? Does it interact with other data correctly? Can it be moved correctly via transactions, interfaces, etc? Hunt down the data, including what each programatic element expects to send or receive, clearly map it out and you will see the issues. if you can do that you will be able to fix this.

The "what is broken?" discussion is likely keeping folks chasing their tail because no one is mapping to the big picture. Without focusing on the data and data flows the is a risk of fixing what is not broken and creating more problems. This is where contorted code and pretzel logic come from - fixes to fixes to fixes without mapping to the or understanding the actual root issue. When you are talking about the root, at the end of the day, it is all about the data.

Just my opinion. Take it for what it is worth. :)

My team does believe that they can rebuild your application from the OHA code base if you want or will allow them to. I completely understand if this is not where you want to go but the offer is open. Really, we are willing to do anything we can to help. Reach out at any time.

Best,

Carolyn Lawson
Chief Information Officer
Oregon Health Authority and
Oregon Department of Human Services
[redacted]

Oregon Health Insurance Exchange Corporation (ORHIX) / Cover Oregon (CO) Monthly Quality Status Report

January 2013

Deliverable #2.3.e

Draft

Dated: Feburary 15th, 2013

TABLE OF CONTENTS

SECTION 1: Introduction

The Oregon Health Insurance Exchange Corporation (ORHIX), now known as Cover Oregon (CO), recognizes the value of an independent, third-party to provide formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

- **Initial Risk Assessment** - identification of initial risks facing CO
- **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
- **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of January, 2013. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.

Since July 2011, the Oregon Health Authority (OHA) has led the design and implementation of the Health Insurance Exchange – Information Technology (HIX-IT) solution, building upon the Oracle products and Enterprise architecture envisioned by the State of Oregon.

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SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. In other words, progress in some areas since last month is offset by the fact that there is one less month until the federally mandated deadlines. Additionally, categories carry different relative weight when assessing the overall risk level of the effort. For example, while 12 out of 16 Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule", and "Inter-Org Coordination" remain high (red), which drives the overall HIGH (red) risk assessment.

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally. For example, in order to meet the federal requirement that the Exchange be up and running by January 1, 2014, the system must be completed and ready to accept enrollments by October 2013. This is clearly a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is fully dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of January, including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO continues to make positive and significant progress towards the launch of the Oregon Health Insurance Exchange. The organization has and continues to demonstrate flexibility and creativity in dealing with this complex and evolving landscape.
- CO has secured 226 million dollars in Level 2 funding for the project. Approximately 90 million of this amount is dedicated for the IT portion of the product.
- CO and OHA have decided to not merge and re-baseline the Seibel component of the ORACLE product suite. Additionally, they have decided other components of the ORACLE product suite should also be multi-instance allowing more flexibility and reducing risk for CO.

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- As a result of the multi-instance ORACLE approach is was deemed best to have the CO ORACLE products reside on non-EXA or standard commercial platforms within in the ORACLE On Demand environment.

The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

Table 1: Summary Quality Standards Scorecard

Quality Rating Category	*QA Risk Level*	*Priority QA Recommendations*	*CO Risk Level*	*CO Response*
OVERALL HEALTH		• See below for specific priority recommendations. • Continue to review, update, and track all outstanding quality risks and recommendations.		• CO agrees with this risk assessment based on the statement that the endeavor itself is high risk. Much progress is being made and CO expects that to continue.
Business Mission and Goals	***Med***	• CO is creating a Business Operations Plan as a supplement to the Business Plan. This is expected to be completed by early 2013. • CO is updating the Medicaid enrollee modeling. This analysis should be shared with CMS and other States. • MAXIMUS recommends that CO formally (in a letter) articulate the dates with OHA and DHS business units as to when the window for automation and operational changes will be closed for this release with respect to Medicaid.		• CO does not disagree with the findings, but believes they belong in other areas. None of the findings, risks or recommendations relate to "Business Mission and Goals" • CO agrees that updated modeling should be shared widely. • CO agrees that deadlines should be shared with OHA and DHS in a formal written document.
Roadmap	***Med***	• A general road map has been defined that goes until 2016. • The roadmap for the first release will be in flux until scope sizing is completed. Scope sizing is expected to be		• 2013 scope lockdown will define the Version 1 elements of the road map. Additionally, staff is compiling and prioritizing products and services for Version 2 and beyond.

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Quality Rating Category	*QA Risk Level*	*Priority QA Recommendations*	*CO Risk Level*	*CO Response*
		completed for the Oct 2013 release no later than March 1st 2013.		
Scope		• Develop clear milestones, tasks and checkpoints for the Scope lockdown and sizing for the month of February. This schedule should provide CO an indication of how much scope (if any) needs to be deferred as soon as possible (preferable by mid-February). • CO and OHA should resist prolonging the requirements window any further then March 1st as it will affect the organization and schedules of the testing, training, and operational execution of the project. • CO should establish formal trigger points for OHA Medicaid system development and business units and these trigger points should be communicated to the OHA staff and Director to ensure the appropriate focus applied to meet the deadlines for the project. See att C.		• CO agrees that deadlines should be formally defined. In February CO established a deadline for MMIS inclusion. CO executive director sent a letter to OHA director informing him and organization of April 1 deadline, required deliverables, and CO mitigation strategies if deadline was not met. • Use case packets, which include the final requirements for the V1 build, will be delivered by March 1st. Agreed upon scope will be identified on March 1st.
Schedule		• Continue working towards a comprehensive integrated schedule for HIX-IT and OIS Shared Services. • Continue to identify project dependencies and critical paths. • Begin to Baseline pieces of the schedule and track for variance. Produce a variance report of the schedule.		• CO agrees with this finding. • Cover Oregon continues to work closely with OHA to mitigate staffing shortages. We currently feel comfortable with the linkage via milestones in our schedules.

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Quality Rating Category	*QA Risk Level*	*Priority QA Recommendations*	*CO Risk Level*	*CO Response*
Budget	***Med***	• Update the budget to reflect the new multi-instance architecture and organizational costs for CO.		• CO agrees with the recommendation. • This area is low risk.
Funding		• CO has secured 226 million dollars in Level 2 funding for the Exchange.		• CO agrees with the finding. • This area is low risk.
Board Governance		• Continue to work with the Board to maintain the Board Policy Manual, including adequate processes and controls related to potential conflicts of interest.		• CO agrees with the recommendation and assessment that this is a low risk area.
Inter-Org Coordination		• Formally (in writing) provide clear dates to OHA business and OIS for the near term expectations for Medicaid requirements, and MMIS system interface architecture approach and delivery. • See Attachment D, "No Wrong Door" Cooperation. Work is progressing with the OHA business group with respect to "No Wrong Door". This work may need to mature and span over multiple system releases.	***Med***	• CO agrees that a formal written deadlines document is needed. In February, CO sent such a letter regarding MMIS inclusion in the build to OHA.
Org Management		• The organization is growing at a very quick pace. CO is adapting and managing		• CO agrees.
Human Resources	***Med***	• With the advent of the multi-instance architecture approach being taken, CO may need to re-evaluate their IT organization personnel and skill sets. • CO should consider		• CO agrees and is re-evaluating personnel needs by working with OHA to determine ongoing maintenance and operations needs.

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Quality Rating Category	*QA Risk Level*	*Priority QA Recommendations*	*CO Risk Level*	*CO Response*
		adding an experienced Product Portfolio person. This skill set would be instrumental in defining the detailed features and functions of the product and creating and managing a detailed product roadmap for the various lines of business.		
Stakeholder Management		• No findings		•
Commun-icat ion		• As the final scope is defined the initial launch expectations may need to be reestablished with the various stakeholders. • MAXIMUS expects that additional changes may occur as final development and testing is accomplished. The communication of these changes will need to be managed with the stakeholders and public.		• CO concurs with need to clarify effort and re-establish expectations, and that as changes are made the communications team will need to manage the communication of any changes. • Not noted by QA, but the following occurred in January 2013: CO had a communications RFP on the street, collected responses, a team scored responses and finalists were invited to give presentations.
Project Management	***Med***	• See attachment B Detailed reporting and tracking. • The Project Management foundational documents are awaiting a formal QC review. • See attachment F Risk Analysis for Security Approach.	***Med***	• CO agrees with this finding. • Cover Oregon has made significant progress in it's coordination with HIX-IT project planning documentation. • In addition, we are contracting for an independent security audit to validate the security models and controls in the system.
Contract Management	***Med***	• Clearly tie contractor work to the project WBS and schedule. Track progress (% complete) accordingly.	***Med***	• CO agrees • Contract work is tracked within the CO schedule along with other tasks in the effort.

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Quality Rating Category	*QA Risk Level*	*Priority QA Recommendations*	*CO Risk Level*	*CO Response*
Product Content	[redacted]	• User Interface work by Deloitte is scheduled to be completed in by March 1st. This timeline is problematic. • See Attachment A, C, and D.	[redacted]	• CO agrees • Deloitte is delivering the highest priority UI documentation by March 1st with the remainder on March 8th. • CO is pursuing an independent security audit to address potential security concerns. • CO is working closely with OHA and DHS to determine an appropriate strategy for delivering Medicaid integration on October 1st. Medicaid integration is of high importance.
Testing	***Med***	• Create a comprehensive Test Plan that outlines the strategy for iteration and UAT & IV&V testing to be conducted by CO • The first draft of the CO test plan is due out mid-February. • Moving the CO off the Exa environment may result in a new environment for the test work. • OHA System Integration Testing is scheduled to significantly overlap CO User Acceptance Testing due to the tight schedule. This is not an idea situation and can cause coordination issues among the groups. Care should be taken not to impinge or reduce the testing window any further.	***Med***	• CO agrees • CO is working closely with OHA to build a comprehensive test plan. The CO UAT test plan was created to dovetail into the larger OHA strategy. • CO is working with OHA to ensure the priority testing areas receive the originally full planned duration.

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Table 2: QA Risk Level Tracking

Quality Rating Category	*June '12*	*July '12*	*Aug '12*	*Sept '12*	*Oct '12*	*Nov '12*	*Dec '12*	*Jan '13*	*Feb '13*
OVERALL HEALTH									
Business Mission and Goals				*M*	*M*	*M*	*M*	*M*	
Roadmap			*M*	*M*	*M*	*M*	*M*	*M*	
Scope									
Schedule									
Budget	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	
Funding	*M*	*M*	*M*	*M*	*M*	*M*	*M*		
Board Governance	*M*	*M*	*M*	*M*					
Inter-Org Coordination									
Organizational Management	*M*	*M*	*M*	*M*	*M*				
Human Resources	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	
Stakeholder Management	*M*	*M*							
Communication	*M*	*M*	*M*	*M*	*M*				
Project Management				*M*	*M*	*M*	*M*	*M*	
Contract Management	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	
Product Content	*M*								
Testing				*M*	*M*	*M*	*M*	*M*	

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SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of January, 2013.

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Section 4: Updated Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. At the client's request, unique numbering has been introduced for both risks and recommendations, to assist in tracking. For example, risks in the Business Mission and Goals section of the report can be identified as Risk-BMG-1, Risk-BMG-2, etc. Recommendations can be similarly, uniquely identified. The integrity of the numbering will be preserved during future reports.

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Quality Rating Category	Dec 2012	Jan 2013	Risk Assessment Finding, Risks, and Recommendations
Business Mission and Goals (BMG)	***Med***	***Med***	

Findings During Period:

- QA understands that CO is creating a Business Operations Plan as a supplement to the Business Plan. This document is expected to further detail the various exchange functions and plans for the first release of the exchange. A draft of this document is expected to be completed in Feb 2013.
- The Business Plan is also expected to be updated with updated enrollee projections by the end of March.
- CO is updating the Medicaid enrollee modeling by reaching out to other states that have online experience with Medicaid populations. This information will be utilized to create a model with a broader set of source material. This material is expected to add to the enrollment strategy and approach. This analysis will be a valuable piece of work that should be shared with the Feds and other States.
- The business missions and goals between OHA OIS and CO are not fully aligned with respect to Medicaid. Work is being done in this area, however, the cultures and timelines are different. March 1, 2013 will be the last date for requirements for the Oct 2013 IT release. After March 1st the work/decisions/agreements between OHA and CO for system automation of Medicaid will have to be pushed into the release due out after Oct 2013.

Risks:

1. Without a sufficiently detailed enrollment modeling and financial information in Business Plan CO may set the wrong expectations with the Board and various stakeholders.
2. Without clear understanding, communication and alignment of the deadlines and priorities for the Oct 2013 release between the business units (CO, OHA) may result in delayed launch for Medicaid.

Recommendations:

1. Complete
2. Complete
3. (In process) Utilize updated business market data, potentially from Wakely Group and other states for Medicaid enrollee projections. Use this to enhance the Business Plan document with more detailed analysis.
4. (In process) Update the detailed business model for the Exchange. Document in detail all relevant assumptions, risks, constraints and contingency plans. Update in detail, all revenue projections with justification of why they are valid. Update, in detail all costs with justification of their validity. This information should be used to model and determine long-term sustainability in a variety of circumstances. This information should be appended to the updated Business Plan. This plan should include Medicaid "take rates" for the electronic exchange, as well as references to source materials.
5. Clearly identify the business roadmap and ensure that it is connected with the business modeling and Business Plan.

SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	Cover Oregon agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue.
Business Mission and Goals	Cover Oregon agrees that as modeling is updated, the results should be shared with our state and federal partners. Deadlines should be shared with OHA and DHS in a formal written document. Cover Oregon notes that while the corporation does not disagree with the findings, they belong in other areas. None of the findings, risks or recommendations relate to "Business Mission and Goals"
Roadmap	The 2013 scope lockdown will define the Version 1 elements of the road map. Additionally, staff is compiling and prioritizing products and services for Version 2 and beyond.
Scope	AARON Finalizing scope for this project is occurring in line with the overall project's iterative structure through the weekly scope checkpoint process. Changes are continuing to be made to the requirements needed for base lining and finalization of scope. Agreed upon scope will be identified on March 1st. In February CO established a deadline for MMIS inclusion. CO executive director sent a letter to OHA director informing him and organization of April 1 deadline, required deliverables, and CO mitigation strategies if deadline was not met.
Schedule	Cover Oregon continues to work closely with OIIA to mitigate staffing shortages. We currently feel comfortable with the linkage via milestones in our schedules. There are concerns with how each scheduler is utilizing their schedule; CO would like the schedules to be used to drive decisions on scope and resource requirements. Cover Oregon will establish a weekly scheduling meeting to address this concern.
Budget	This area is low risk as we have the CCIO grant dollars. We in the L2 grant ask based our ask on what we would live with from a budgetary perspective. So a better portion of this work is done, but is in the process of finalizing as contract are put in place and enrollment number projections are finalized with the board.
Funding	This area is low risk, particularly in light of the CCIIO grant approval.
Board Governance	This area is low risk. Cover Oregon agrees that ongoing discussions with and provision of information to the Board is essential for the Board's active participation in the project.
Inter-Org Coordination	Formal written deadlines and operational agreements are required between Cover Oregon and its state partners.

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Organizational Management	Cover Oregon agrees that the organization is growing quickly. The corporation is taking steps to manage the growth and help staff adapt to change.
Human Resources	We are waiting for the board to "approve" final policies and an employment handbook and will have finalized 3/2013. We also have hired a recruiter and another generalist to round out the team to meet the HR demands of the organization. We also have put a formal onboarding process in place to get new staff acclimated as quickly as possible.
Stakeholder Management	Cover Oregon continues to actively engage stakeholders.
Commun-ications	Cover Oregon agrees that good communications will be needed to inform and educate stakeholder, consumers and others when offerings change from the initial plan, as well as over time.
Project Management	Cover Oregon has made significant progress in its coordination with HIX-IT project planning documentation. Cover Oregon has also begun the Quality Control process on its project level documentation. CO will be implementing a contract with an independent vendor for a security implementation assessment.
Contract Management	An administrative resource has been put in place to support the work of the contracts team to create a more robust process. Cover Oregon continues to closely monitor contract performance and budget.
Product Content	The scope checkpoint process in now in progress. Cover Oregon has created a comprehensive change control process, which is going through Maximus's Quality Control process. Cover Oregon, Deloitte, HIX-IT and Oracle have aligned the UI schedule to the build plan. A full lock down of the scope is planned to be complete by 3/1/13
Testing	The testing environment has not been timely or fully adequate for all CO testing needs. CO is in the process of evaluating a companion testing system to ensure we can fully execute our testing strategy. CO will continue to evaluate test schedule as we manage scope and progress

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SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

	Probable/eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
	Possible/unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT		
	Low	Med	High
High	MED		
Med		MED	
Low			MED

Attachment A: Detailed Security Concerns (July Findings)

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Findings:

- The current Identity and Access Management (IAM aka. IDM), Single Sign On (SSO), External Self-Administered Role and Role Based Access (RBAC) strategy is not well defined and can be characterized as follows (Note: this information was identified in the recent HIX-IT Logical Structure of Account 4 Whitepaper):
  - Every user in the system will have single sign-on capability in the system. This means that individual and business functions are comingled in accounts.
  - Identify proofing approach is currently unclear. Identity proofing is required to provide assurance of non-repudiation. Identity proofing of some form will be required by the Exchange due to the nature of the environment.
  - Identity proofing is currently at the individual level only. It is unclear how an employer, broker, employee, etc., will be proofed in the system for their specialized role.
  - Internal staff roles in the system are not defined.
  - External roles are intended to be self-administered, i.e., a user can join or revoke other users into and out of their accounts.

Risks:

1. Comingling of individual and business accounts is highly unusual especially in the health insurance field. While it seems like a convenience, it may not be desirable from a user, technical, or security perspective. For example, an individual user may also be a Broker. This person may log into their account at home on their personal computer. If this computer is infected with key logger, user account login information could be compromised. A malicious user would then have access to the Brokers personal account and also their Broker account which potentially compromises other employer accounts the Broker may be attached.
2. Identity proofing can be costly and can have a customer usability impact. If the ID proofing is considered to be too cumbersome by the public it can affect the use of the Exchange by the general public.
3. Additional levels of verification may need to be exercised for different roles in the system, For example, how will a Broker prove they are a legitimate Broker in the system? Not clearly planning, defining and detailing the strategy up front can result in significant delay or work stoppage in the project due to security, usability or technical issues that will continue to pop up in the project without a proper strategy and planning effort.
4. Internal system role definition may alter the expected business workflow of Cover Oregon. Doing this work later in the development or after the system is developed can cause rework and or surprises in staff workflow.
5. External self-administered roles currently known in the industry as Enterprise Dynamic Access Control (EDAC) create additional complexity of the public user experience. These types of architectures are relatively new for public use environments and if deemed too complex and not intuitive for average users, it can result in nonuse of the Exchange by the public.
6. Exchange liability for fraudulent activity due to ineffective identity management and self-administered roles is not fully evaluated. For example, Cover Oregon may be held liable or publicly embarrassed if a person fraudulently became a broker in the system and was found to be attached to a number of large Employer accounts. These types of externally, self-administered implementations are relatively new and fraught with risk for a known marketplace, let alone a marketplace in its infancy.

Recommendations:

- Account comingling: Cover Oregon should find an existence proof of individual and business comingling approach in the health care field prior to implementing this strategy. If precedence is found in the market, Cover Oregon should seek out the entity and be thoroughly briefed by the entity prior to making this decision.

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- Identity proofing: Cover Oregon should understand the requirements from CMS, IRS, etc with regards to what level of ID proofing is required prior to developing the IDM strategy. For more on Federal ID proofing levels please refer to NIST 800-63.
- Identity proofing: Identity proofing techniques are both a Business and a IT decision. Cover Oregon will ultimately need to bear the risk that the selected approach poses (legal and user acceptance). Cover Oregon should take an active role in deciding and vetting the approach with the IRS, State DOJ and potential customers of the Exchange. Again, this is the front door to the Exchange access as should be a balance between business efficiency (customer acceptance) and security.
- Identity Proofing/verification: There may be multiple layers of Identity proofing/verification required. Some users may need to provide proof as an individual only, Broker, and / or employer/employee. Cover Oregon should clearly define the requirements to HIX-IT and expect HIX-IT to create a detailed design document for ID and account management that is vetted with Cover Oregon.
- Internal role definition: Cover Oregon should overlay role requirements on their internal workflow diagrams to ensure these are identified early in the development process. There are a number of engineering articles on methods for diagramming these requirements.
- External Self-Administered Roles: Research should be conducted by Cover Oregon to fully understand what the failure rates of these types of implementations from a usability perspective. An expert should be consulted to guide Cover Oregon of necessary.
- Much greater emphasis should be placed on defining the IDM strategy for Cover Oregon.
- Reviewing analogous IDM and External Enterprise Dynamic Access Control implementations in the market place should be conducted by Cover Oregon. A comprehensive, detailed strategy should be developed and vetted by Cover Oregon and potentially an independent expert in this field.
- (Closed) .
- Where possible, full mock-ups or prototyping of the Identity proofing and external self-administered roles should be made available to the business to determine the usability impact to the customer experience prior to implementation. This determination should use market research and data to fully justify the decisions made.

Attachment B: Detailed Tracking and Reporting (August Finding)

Finding:

- The full scope of the HIX-IT development work is not fully articulated to management at Cover Oregon in a comprehensive manner. The issues are as follows:
  - There are a number of areas that need developed, including:
    - Use cases (general configuration of HIX-IT Components)
    - Interfaces to external IT Systems (approximately 60)
    - User Interface
    - Oracle Policy Automation rule development
    - Security
    - Content Management
    - Data classification and segmentation
    - Rework and refinement
  - Currently the CO Project Management is reporting the state of the 200+ use case work packages as a method of tracking project progress to Cover Oregon Management. While this is important, it only represents a portion of the overall IT development work. For example, current use case iterations being reported on may only comprise 45% of the overall IT work.
  - The current use cases that have been developed in iterations 9 through 12 are reported as "completed". According to the HIX-IT Product Planning document they are still rated as "blue" or incomplete due to the additional items identified above.

Risks:

1. Measuring Exchange Development progress via the number of use cases only will cause incorrect expectation setting and confusion on the part of Cover Oregon over the coming months.
2. Calling use cases "complete" is problematic and may cause incorrect expectation setting and confusion on the part of Cover Oregon.

Recommendations:

- Cover Oregon should work with HIX-IT Program Management to establish a more comprehensive methodology for estimating the level of effort required for the major components of the project.
- The estimating methodology established above should be closely monitored by Cover Oregon to determine its accuracy over the next few months.
- Cover Oregon PM should clearly articulate, via significant development areas and metrics, the IT development work in a manner that clearly represents a more comprehensive view of the project and progress.
- The development areas and metrics identified above should be reported to Cover Oregon's management monthly basis at a minimum.

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Attachment C: Contingency Planning (September Finding)

Findings:

OHA OIS has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA has made and/or is currently making include:

- Assuming the role of prime contractor for the overall state development effort.
- Deploying technology that is largely new to OHA.
- Deploying an integrated enterprise architectural vision that is largely new to OHA.
- Deploying a new software development lifecycle (iterative) that is new to OHA.
- Re-organizing the delivery model (centralized model) for IT projects within OHA.
- Standing up new processes to support this new delivery model.
- Merging the technology and business operations of three organizations (OHA, DHS and CO) and attempting to develop a "no wrong door" approach (see attachment D).

Furthermore, OIS does not have experience in estimating level of effort within the HIX-IT project team or within OIS shared services team using a common estimation methodology. It may take several iterations to sync the methodologies when they are stood up.

A risk was raised by the Oracle development team regarding the use of a single instance of WebCenter for development. Oracle recommended that separate instances be used as the planning and coordination issues are considerable and likely will slow development. It is our understanding that a decision has been made by OIS shared services (no written decision has been made available) to use a single instance.

Application and architecture decisions require Modernization agreement prior to implementation. The projects are on different timelines, have only partially overlapping priorities and have a different sense of urgency. See matrix below for priorities.

	DHS	OHA	CO
Individual Tax Credit	P3	P2	P1
SHOP Tax Credit	NA	NA	P1
MAGI (Medicaid/CHIP) eligibility, shopping and enrollment only	P2	P1	P2
Non-Magi			P3
Other Medical			NA
Non medical	P1	P4	NA

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The OIS and HIX-IT overall governance structure as stated in the Project Charter does not appear to be functioning. This process needs to be clarified, documented and made balanced and transparent for the business, and all development teams going forward.

OIS does not appear to have formal, detailed, documented, functioning, transparent technical governance or data governance committees.

The software applications are expected to be merged for the first time towards the end of the HIX-IT project. This has never been attempted within the OHA development teams to date. The technical components of the merge are known to some degree, but how the organization will approach and deal with "collides" on a business level has never been done in OHA/Cover Oregon.

OHA must produce, sync and baseline a variety of detailed schedules (HIX-IT, Modernization, Security, MDM, Environments, OPA/application business rules, SOA, Webcenter, PeopleSoft, IVR, UI, OBIE and CO) for this project to be successful.

OHA and the HIX-IT project has slipped a number of proposed deadlines to date (see scheduling section). Cover Oregon has a schedule that is highly dependent on the HIX-IT, Modernization, and OIS shared services schedules. And vice versa.

A number of basic project processes are not fully implemented within the OIS project structure (e.g., change control, testing, common estimation methodology, common schedule methodology, common activity diagramming methodology, etc.)

Carrier JADs and UI development work under way at CO are expected to continue until the end of the 2012. These items will probably lengthen the overall delivery timeline.

The current high level CO Timeline and the more detailed MS Project Schedule do not have specific usability testing activities identified.

Risks:

1. With the project deadline less than 1 year away and the lack of a stable and experienced organization, development and delivery teams within OHA as well as the requirements delay within CO, the probability of missing the target date is currently an issue.

Recommendations:

- CO should prepare a number of trigger points over the remaining timeline of the project to ensure that scope is continually sized to meet the target date. For example, on November 5th 2012 OHA OIS is scheduled to deliver a detailed project schedule for the remainder of the HIX-IT project. On this date, CO should have a formal review with the OHA CIO, HIX-IT, shared services project teams and QA to understand in detail the project approach, schedule, dependencies and issues. This information can then be utilized to gauge the progress against

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an internal CO confidence checklist. The objective of this review should be to determine if significant components of scope should be deferred. Each trigger point would have a different checklist depending on where the project is on the timeline. An example of a checklist for Nov 5th could be as follows:

- Can scope be locked?
- What percent of scope is outstanding?
- Are schedules for all of the project areas complete, detailed, synced, and tracked using a common methodology?
- Are all project schedules being developed with a common estimation methodology?
- Are key dependencies identified within the schedules and are they listed for the executive management to review?
- Do the schedules have any slack in them and/or does all the scope fit within the current schedule?
- Do the schedules allow for any refinement once the system is constructed?
- Do the Oracle teams agree with the schedules?
- Have Modernization and CO documented the integration points within the application for "No Wrong Door"?
- Is the data that is to be passed from each application clearly documented?
- Is HP ALM operational?
- Are the test teams on board?
- Is there a functional, technical and data governance structure that is balanced and transparent to CO in place and operational?
- Are notes and decisions from these committees clearly documented for the development teams to build from?
- Etc.

The answers to this checklist can then determine a go/no-go for the current scope. If the decision is a no-go for the current scope, CO should have a list of predefined, prioritized and agreed to scope reduction options that can be employed immediately. Scope reduction options could be looked at from a horizontal (across all CO application components) and then, if need be, from a vertical application perspective. An example of scope reduction options could be as follows:

Scope reduction examples from a horizontal perspective:

- Reduce the complexity of the current architecture.
- Defer the merge and rebaseline of code until after go live.
- Implement separate instances of Oracle components that are dependent on interagency business integration.
- Reduce the dependency on the integration with other programs by deferring the "No Wrong Door" approach.
- Implement UI wireframes using Siebel.
- Etc.

Scope reduction examples from a vertical perspective:

- Defer significant portions of the PeopleSoft components and process the billing manually.
- Defer electronic plan loading from the Carriers.
- Defer online Medicaid eligibility, plan selection and enrollment within the Exchange and process them manually.
- Etc.

Each of these options would be pre-sized so that depending on the amount estimated schedule variance or slack desired by CO an equal amount of scope can be deferred. For example, if the schedule is off by 20% and reducing the complexity of the architecture can save 20% in the schedule then this would be employed because it is prioritized high and equals the needed time savings.

The formality of this process will give CO executive management a clear understanding of the project status and enable them to pull the appropriate levers to make the project successful at a variety points in the upcoming year.

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Attachment D: "No WrongDoor" Cooperation (September Finding)

Findings:

OHA/DHS and CO have a general agreement to create a "no wrong door" approach for eligibility and enrollment for state-sponsored medical programs and commercial insurance. This requires the businesses be aligned from both the operational perspective and the informational technology perspective to create a "to-be", future business state model. This is truly a transformation to the way that health coverage is to be administered across the state. Unfortunately, there is no clear authoritative document that defines the expectations for all the programs, authority/delegated authority, governance and detailed functional roles and responsibilities.

This overall business transformational effort that is being under taken is also not currently being tracked like a formal project. Typically a project of this size would have specific governance reporting, charter, scope, tasks, milestones, deliverables, and deadlines for the interagency work that is to be accomplished both operationally and technically.

For example, technical/architectural decisions are being made that may not fully align with the intent of the CO business model. The situation is aggravated by the lack of clear and comprehensive documentation for interagency cooperation with respect to requirements, process interface points, data passing, data sharing, portal entry and exit points, identity and access management, and document sharing.

Risk:

1. Lack of a clear, detailed, integrated view of "no wrong door" will hamper a smooth implementation of this vision
2. Lack of clear direction, governance, and delegation of authority from the OHA, DHS and CO leadership will result in a missed opportunity to integrate the "no wrong door" approach in time for the October 2013 opening the Exchange.
3. Lack of a formal structure for this interagency business project will result in open ended work that may or may not yield sufficient information in time to be incorporated into the development schedule.
4. Without clear direction/requirements from the businesses, technical decisions will be made that may or may not align to the long term operational plan for the businesses. This may require rework or additional future project to realign the technical decisions being made.
5. Without clear operational agreements, staff will not be efficient in executing required transitional tasks for their programs, e.g., process reengineering, job reclassification, resource plans, inter-program agreements, etc.
6. Without a defined process, project, and governance transparency, QA, development, operations, and executive management in the stakeholder agencies will not be able to monitor the progress of the effort to ensure that it is implemented in a timeframe and manner that fits the

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vision outlined by the Directors of OHA and DHS, the Executive Director of CO for the State of Oregon.

Recommendations:

1. The Executive Directors from OHA and CO should commission the business leaders to draft a charter document for interagency transition project. An example of the makeup of a charter document may include:

1) General vision of all the leaders.
2) Scope, which identifies all the agency programs that are required to participate in the effort.
3) Governance structure that identifies the two Executive Directors of OHA and CO as the sponsors identifies the business executive's steering committee and their responsibilities.
4) Assignment of a project manager and scheduler that will produce a baseline schedule within 15 calendar days of charter implementation.
5) High level deliverables, such as:

a) All relevant agencies submit detailed information to a "no wrong door" operational and technical plan that will identify the "to-be" operational and technical requirements. This document will be required to be delivered to the steering committee no later than 45 calendar days after the project charter is released. This document should include:
   i) Identification of all policy changes for each program with respect to the "no wrong door" initiative.
   ii) Identification of the following information about each on-line application:
      (1) General screening requirements for all programs (Medicaid, QHP, etc).
      (2) Detailed map of how clients will access each program through the on-line portal (client direct, community partner, navigator staff portal, etc).
      (3) Specific data elements that is required for each application when they are passed from another application.
      (4) Identification of a common point of transfer (after screening, after application completion, etc.)
      (5) Identification of a common point of entry from a transfer (at additional screening point, selection of benefit, etc.)
   iii) Identification of the following information about their handling of paper and fax applications, phone/IVR applications:
      (1) Identification of the agency that will handle processing of specific applications/or portions of applications.
      (2) "Warm" handoff of clients that call in and require a transfer to another agency.
      (3) Identification of common staffing of support and customer service centers, if required.
   iv) Identification of any issues, risks, barriers, roadblocks or concerns to implementing the operational and technical plan. Along with any roadblocks, barriers or concerns, the agency should propose a solution or solutions as a remedy.
   v) Recommendations for the content of an integrated transition plan.

6) High-level schedule, including definition of "no wrong door" process flows and detailed requirements.

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Attachment E: (Closed) Architecture Simplification (November Finding)

Findings:

- The current architecture implementation of the ORACLE stack may not suit the operational business needs of Cover Oregon.

Background:

In the September MAXIMUS made the following statement in Attachment C of the Cover Oregon (CO) monthly report.

- Oregon Health Authority (OHA) Office Information Services (OIS) has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA have made and are currently making are as follows:
- Assuming the role of prime contractor for the overall state development effort.
- Deploying technology that is new to OHA.
- Deploying an enterprise architectural vision that is new to OHA.
- Deploying a new software development lifecycle (iterative) that is new to OHA.
- Re-organizing the delivery model (centralized model) for IT projects within OHA.
- Standing up new processes to support this new delivery model.
- Merging the technology and business operations of three organizations (OHA, DHS and Cover Oregon (CO)) and attempting to develop a "no wrong door" approach.

In general, the aggregation of the above items constitutes a very high risk for the Health Insurance Exchange ability to meet its business objectives. Two of these items are borne out of an industry belief of cost savings to an organization, items 3 and 5. This document is intended to further describe these items so that all parties have clarity of the significance of the risk taken by the State.

Definitions:

Separate instance (SI) systems – is a method of implementation where each business unit has a separate and complete technology stack for each business unit.

Global Single Instance (GSI) – is a method of implementation that consolidates common lines of business into a single instance of a technology stack from top to bottom.

Enterprise Integration Architecture (EIA) – is a method of implementation that consolidates common services of a technology stack across similar lines of business and implements separate components for less common processes. For example, security would be a shared

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service among all business units and the CRM module may be separate instances for each of the business units.

The proposed HIX-IT architecture is a hybrid of the GSI and the SI approaches.

General Implementation Characteristics

The Global Single Instance to the Separate Instance implementation approaches have an inverse relationship with respect to efficiency and flexibility. The GSI approach has the highest degree of efficiency with respect to licenses required and staff needed to operate and maintain the system. In the GSI approach the flexibility of the businesses to make changes and release new features is considerably curtailed because multiple business lines need to be consulted and agreement must be made on priorities among those businesses. This prioritization effort is required to utilize shared services resources most efficiently. Conversely, the Single Instance approach has the least efficiency and greatest flexibility.

Item 3: Deploying an enterprise architectural vision that is new to OHA.

Nationally, Health and Human Services organizations have a vision of a "No Wrong Door" approach to delivering benefits to their clients. The approach is borne out of the idea that costs can be reduced and services to clients can be improved at the same time. The "No Wrong Door" approach is also required in the ACA. It is important to note that this vision is not related to the system architecture; it is merely an operational vision. Many different architectural approaches can be deployed to implement the desired "No Wrong Door" vision.

OHA/DHS (OHA) OIS is deploying a combination of ORACLE products that together will make up the Oregon OHA and CO solution. The ORACLE solution is comprised of ORACLE developed products and products merged into Oracle through company acquisitions.

OHA has decided that a Global Single Instance (GSI) Architecture approach is the desired strategy for OHA. The GSI architecture implementation is defined by have a single instance for each ORACLE Component servicing all business entities (Modernization and CO) using the system. This decision was made prior to the establishment of the Health Insurance Exchange business. The IT industry, especially ORACLE, believes that this implementation has significant cost savings via reducing the amount of licenses and support staff required to deliver the solution to the businesses.

This architecture approach is typically an evolutionary approach of organizations that currently have separate instance CRM and ERP systems for each business unit. Gartner suggests, "This is the approach (single instance) that should be considered in the integrated organization where there is a high degree of dependence and commerce among units". The degree of integration, dependency and commerce between OHA and CO is primarily in the Medicaid arena. The commonality of the DHS/OHA and CO organizations is currently estimated to be 10% of total system Exchange volume.

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A GSI implementation architecture is typically promoted for organizations that have existing separate instances as a way to save costs and improve efficiency for common business units. For example, a manufacturing company with multiple instance architecture (separate ERP or CRM systems) for existing business lines, will evolve to a single instance architecture when they have mature, common business units, that have common businesses processes.

Separate instance systems are often moved to a single instance over a significant period of time and in a serial process using simple pilot projects. This is due to significant business process reengineering and technical challenges and complexities involved in this effort.

OHA and CO business characteristics are different then what is mentioned above in a number of ways:

- OHA and CO are separate government organizations with different business missions and goals.
- CO is a public corporation and is governed by different rules and regulations then OHA.
- OHA and DHS do not currently have common processes and governance structures.
- CO is a newly formed entity with untested Greenfield processes.
- CO and OHA have different business timelines.

OIS has also decided to implement Modernization and the Health Insurance Exchange into a single instance in a "big bang" style, i.e., OIS intends to launch the both applications simultaneously. The selection of implementation approach is a strategic decision that should be made with executive business management understanding what the technical, development, operational and maintainability risks and impacts are to the business. Forrester Research says, "that business process and applications professionals face a variety of challenges in defining the single instance and identifying an apt consolidation model and hence companies should adopt a cautious, phased consolidation strategy".

Item 5: Re-organizing the delivery model (centralized shared services model) for IT projects within OHA.

Traditionally the development of a shared-service organization (SSO) or shared-service center (SSC) within an organization is an attempt to reduce costs and standardized processes through economies of scale and centralization. A Global Service Center Benchmark study carried out by the Shared Services & Outsourcing Network (SSON) and the Hackett Group, which surveyed more than 250 companies, found that only about a third of all participants were able to generate cost savings of 20% or greater from their SSO.

Risks:

Item 3: Deploying an enterprise architectural vision that is new to OHA.

1.) The reason for adopting the GSI architecture by OIS is primarily cost savings in licensing, operations and maintenance. However, there is no formal cost benefit analysis or return on investment models in the business case to back these assertions nor are we aware that they exist elsewhere. Without a quantifiable cost benefit analysis (CBA) or minimally a "before" and

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"after" analysis of the costs under both scenarios, there is insufficient data to determine that that one approach is more cost effective then the other. The lack of mature inter-agency processes and/or inter-agency planning in the following areas would seriously affect the CBA or ROI of such a business case:

- There was limited significant business process analysis and pre-planning,
- Lack of a clearly defined inter-agency "No Wrong Door" analysis. This is fundamentally the identification of a comprehensive new service delivery model.
- Lack of a common or functional governance processes,
- Limited overlap among inter-agency processes,
- Dissimilar priorities and goals among independent state agencies,
- Lack of state staff with appropriate skill sets resulting in a heavy reliance on highly paid consultants from all over the nation.

Individually, or in aggregate, these items could easily erode any expected cost savings for years to come.

2.) In addition to the above ROI/CBA factors, a Single Instance architecture approach also has a significant overhead or tax with regards to business operations that is not clearly articulated to the participating business entities. Each time a new business line is added or there is a change to the existing business processes, the Single Instance approach requires a feasibility analysis and/or a merge of the new code with the existing production code. The analysis and/or merge process looks for technical differences between the new and the production code. These technical differences often equate to differences in business operations. These differences or "collides" require the business units to resolve their operational differences prior to launch. Once the code is merged and launched, all of the existing businesses within the Single Instance receive a new release of code.

This process poses challenges in change management, downtime for patching and maintenance, upgradability and it increases the regression testing effort significantly. Legislative rule changes in healthcare or Medicaid over the next couple of years may result in a single business line significantly disrupting other lines of businesses each time changes or new rules are enacted.

Item 5: Re-organizing the delivery model (centralized shared services model) for IT projects within OHA.

3.) OIS also uses cost reduction and standardization as their justification to implement shared services organization. Again, there is no cost benefit analysis or return on investment models in the business case to back these assertions. Without a quantifiable model or a "before" and "after" analysis of the costs under both scenarios, it is dubious to believe that one approach is more cost effective then the other. For example, the following items would seriously affect the CBA or ROI of such a business case:

- no detailed strategy by OIS to move the organization to this delivery model.
- not documenting OIS IT processes and work streams pre-implementation,

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- not focusing sufficiently on the transition period,
- not having a robust operational transition plan clarifying employee resources,
- lack of state staff resulting in an over reliance on a significant amount of highly paid consultants from all over the nation.
- not having a risk management or monitoring process in place prior to implementation,
- no proven functional or technical governance processes.

Individually, or in aggregate, these items could easily erode any expected cost savings for years to come.

Recommendation:

1.) Implementing a new Global Single Instance Architecture and a Shared Services organization requires significant inter-agency process reengineering and a major overhaul of the OIS IT department to occur simultaneously. The simultaneous execution of these initiatives introduces a compounding effect with regards to risk. Some short term risk mitigation has occurred, for example, additional ORACLE staff is being imported from around the nation to add expertise in the executive management, PMO, project management, scheduling and development areas of the organization.

In figure 1 below, a simple implementation analysis was mapped against perceived risks based on the large initiatives set in motion by OIS. This analysis shows the three implementation approaches discussed in this document and the technology characteristics relative to the business requirements and needs that can be expected from each of the approaches.

This simple analysis concludes that the EIA implementation approach may aid in reducing risk for the projects and potentially support a more flexible business environment for Cover Oregon in the foreseeable future. This risk mitigation approach of moving to an EIA implementation will potentially require an increase in upfront and O&M costs by CO.

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Figure 1.

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Attachment F: Risk Analysis for Security Implementation (Jan 2013 Finding)

Finding:

A formal security risk assessment has not been conducted on the following items:

- Individual authentication and ID proofing process
- Employer authentication and ID proofing process
- Medicaid authentication and ID proofing process.
- Co-mingling of business and user functions within the same user account.

The standard approach to implementing security controls is to utilize best practices as a guideline. Typically NIST 800 series documents are considered best practice guidelines and should be utilized in conjunction with other vendor best practices if available. Typically vendor best practices also rely on the NIST and other federal and industry documents and provide additional details as to how to implement specific products. The NIST documents typically will use the term guideline in their titles and will often link to other federal documents that are to be considered prior to the reading of the current document. The Office of Management and Budget (OMB) will issue circulars, bulletins and memorandums as guidance to Federal, State and Local governments.

In this area of e-authentication NIST 800-63 'Electronic Authentication Guideline' references the 5 step process from the OMB M 04-04 'E-Authentication Guidance for Federal Agencies'. Page 1 states the following:

"OMB guidance outlines a 5-step process by which agencies should meet their e-authentication assurance requirements:

1. Conduct a risk assessment of the government system.
2. Map identified risks to the appropriate assurance level.
3. Select technology based on e-authentication technical guidance.
4. Validate that the implemented system has met the required assurance level.
5. Periodically reassess the information system to determine technology refresh requirements.

This document (NIST 800-63) provides guidelines for implementing the third step of the above process. After completing a risk assessment and mapping the identified risks to the required assurance level, agencies can select appropriate technology that, at a minimum, meets the technical requirements for the required level of assurance. "

Steps 1 and 2 of the 5 step process above are addressed by the OMB 04-04 document. On page 1 of the OMB M 04-04 document it states, 'This document will assist agencies in

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determining their e-government authentication needs. Agency business-process owners bear the primary responsibility to identify assurance levels and strategies for providing them. This responsibility extends to electronic authentication systems." This document also states in section 4.4 "It is also important to match the required level of assurance against the cost and burden of the business, policy, and technical requirements of the chosen solution."

The HIPAA security rule, IRS 1075, NIST 800-63 and OMB 4-4 all recommend a risk analysis as a key part of the process for designing security controls for a government agency.

In general, a good risk analysis not only includes the probability of threats and vulnerabilities from the security perspective, it also includes the burden (cost, complexity and usability) to the business of implementing the recommended security control. It must do this because some security controls may be too costly or too complex for the agency or the public for which they serve.

Risk:

- Enrollment rates and brand perception can be affected by an exchange user experience that is considered too complex or difficult.
- Without a proper risk analysis by a skilled security professional (inclusive of business risks) OHA and CO will be at odds as to what are the technical risks are and how they are balanced against the business requirements.
- The business and technical side, given deadline pressure, will indicate that it is too late for a proper risk analysis and that the project must accept where it is and move forward anyway. This may be true, however, this issue will plague the business for years to come either by reduced online enrollees or by being compromised by malicious actors.
- Both sides (technical and business) will state that it is too late to conduct the risk analysis. This may be true for the April 30th deadline, however, if the initial system proves to be too cumbersome to navigate during usability testing or to easy to compromise, a system retool may be necessary prior to Oct 1 launch. Without a proper risk analysis the retool runs the risk reopening the debate between technical and business groups and/or of moving the system to the other extreme.
- Without a balanced risk analysis the system design at launch will be dictated by the loudest voices, fear, uncertainty and doubt arguments from both sides of the issue. Typically the technical groups will err on the side of too much security and the business will err on the side of too little security. Both conditions are problematic.
- Without a firm foundation on the true technical risks the security and business groups will be at odds with each other and with CMS and IRS in the future. Lack of foundational analysis will set the stage for a constant rehash of the issues.
- The State of Oregon was given an "Early Innovator Grant" with the understanding that new ground will be broken in many areas. The Federal government expects to be challenged and also to learn from the experiences of the innovator States. These experiences help to shape policy, best practices or federal guidance. The security

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issues above are very good examples of a new area that will benefit from thoughtful analysis that can be shared with the Federal government and other states going forward.

Recommendation:

- Request a formal report from the Federal entities on their risk analysis that supports any position they may currently have. Have this report reviewed by an outside security firm that is skilled in balancing security and usability for government and ecommerce systems.
- Hire a national security firm to conduct research and a security risk analysis that is limited to the scope of the items identified in the findings above. This analysis can then be used to adjust the system security controls prior to, or after the launch if required.
- Release the research and security risk analysis results to CMS and other states as a model of how to balance security and usability for Health Insurance Exchanges going forward.

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From: Hutchings Laura [redacted]
Sent: 3/21/2014 6:17:38 PM +0000
To: [redacted]
Subject: Cover Oregon: Tech Review - Meeting & Optum Notes, 2 attachments
Attachments: Notes_TechAltAssessmentMeeting_20140321.pdf; OptumReview20140321.pdf

All:

Attached please find:

* Tech Alt. Meeting #4 notes
* Optum call notes

Best,

Laura Hutchings| Executive Assistant | Cover Oregon
[redacted]

Meeting Notes – March 20, 2014

Decisions	• Final recommendation should be one statement that includes the "triggers" which would necessitate transfer to FFM if current solution development continues.

Key Points / Assumptions	• High level cost numbers for Medicaid program are not very different between FFM and continuing with current technology
	  ○ Cost of transfer: $3m, about $1.25m of technology cost and the rest is business changes (rules, processes, etc.).
	  ○ Ongoing operating cost of ~$400k / month to run the Medicaid program regardless of alternative (e.g., Magi registrations)
	• Based on historical structure (CO linked to OHA), there is not a good mechanism for saying "no" to scope changes. It has been hard for CO to make decisions that could be detrimental to OHA. Will need one person going forward who has authority and accountability to say "no".
	• Put specific tasks from Maximus as deliverables in the fixed price SI contract.
	• Cost Model review:
	  ○ Scenario 1 assumes tight scope management and only the minimum required (e.g., Individual only, no SHOP for November). 2015 costs include SHOP. Year 2 and beyond focused on HIX and sustainment
	  ○ $91m spent to date is as of January 31.
	  ○ Scenario 2 SI cost is to support transition to FFM, not any new development on current solution.

Open Questions	• How to approach negotiations with new vendor given extremely short timeframes and prior results?

Action Items	• Optum meeting to be scheduled at 9am Friday as a WebEx
	• Meeting 5 to be scheduled contingent upon when Optum can provide detailed functional analysis; target Thursday, March 27 at 8am-10am.
	• Ask Optum to do detailed analysis of full set of CO requirements to determine which are in/out of FFM solution
	  ○ Provide analysis to the sub-committee as soon as available for individual review
	  ○ Ask Deloitte and/or Maximus to do secondary review of analysis
	• Identify the "trigger elements" (i.e., success criteria to be met) that would necessitate transition to FFM if the decision is made to continue with current solution.
	• Add assumption to the cost model around potential need to return Federal funding if current solution is shelved.

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Next Steps	• Focus of Meeting 5 will be discussing results of the detailed analysis of FFM functionality vs. CO requirements, making the final decision on a recommendation, and preparing documentation of the recommendation.
Other Notes	• What to hear from Optum: o what is the impact of starting FFM transition on April 1 vs. July 1 o high-level functional comparison of CO requirements to FFM o general overview of how transition would work (responsibilities of State, etc.) o Perspective on data migration

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3/20 Attendees:

- Bruce, Triz, Aaron
- Dr. George Brown (Legacy)
- Erick Doolen
- Sean Kolmer
- Chris Blanton
- Aaron Patnode
- Greg Van Pelt
- Sue Hanson
- John Kenagy
- John Cvetko
- John Lemelin
- John Cimral
- Liz Baxter
- Bruce Wilkenson
- Alex Petit
- Tom, Matt, Jeff
- Phone:
    - Tina Edlund

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Meeting Notes – March 21, 2014

Decisions	•
Key Points / Assumptions	• Questions being asked will require a somewhat detailed understanding of where CO is at today to know the starting point. Information today will be based on a more general understanding and not specifically tailored to the situation at CO. • Process this year would be same as what was done last year, so feasibility shouldn't be an issue. • Degree of difficulty is different if timing is not what is typically done in a "normal annual cycle". • Oregon is NEIC – go through hub to FFM. • Very reasonable to assume Oregon could get set up by November 15. It has all been done before. • What is the impact of data migration/transfer? Easiest thing is for everyone covered to get into new plan through FFM and enter data again. Can't begin to assess data migration ability without assessing details of current state. • Value in a partial migration of basic data (name, SSN, address, etc.) without full records? Currently no way to load data into FFM other than through account transfer. Re-enrollment is the easiest way to handle data transition. • Currently about 50,000 individual enrollments that would need to be transferred. • Applicant or someone on their behalf would require non-financial application of about 10-15 minutes, and 20-25 minutes for financial application if re-enrollment. • FFM has current capacity of 300,000 transfers per day. CMS could give a demo on this. • Issues get an open enrollment transaction either way, so no impact on them of data transfer or re-enrollment. • Standard specifications for data transfers are online (one source is CALT) • New functionality will have to go into a state testing process, but should be straightforward (same as the one followed for SDM testing this year). • What is required by CO for this process? A lot of it is related to State Medicaid rules (Magi). CO provides reference data and any logos, etc. Overall not certain of what state would have to do. • State wants to be an assessment state, and retain responsibility for determination. • Process for signing a Federal agreement? Not certain…reach out to CMS. • What is typical timeframe for full transfer? One state started Jan/Feb and it was a 6-week

	timeframe based on focused, high-priority effort. For November 15, CMS will have a schedule when plan management will start, dental, QHP, etc. Indicates when onboarding starts, testing starts, changes to Magi rules, other state reference data, etc. No separate schedule for Oregon, would fall into "normal" schedule. Doesn't speak to timeframe of data migration...this is a separate question including input from CMS. • What is the latest date to pull the trigger? Optum can't speak for CMS and what they could accommodate outside the normal schedule, but biggest question is QHP submission and loading this data. Decision has to be made by QHP submission. There is likely some flexibility in start date, but later dates will more likely encounter resource constraints due to new development in FFM (e.g., SHOP). Best approach may be to pursue the FFM instance and it doesn't have to be turned on if Oregon decides to keep SBM. • Could Optum review detailed CO requirements and assess fit? Cautious about "providing advice" without being fully informed on current environment. Could likely provide some insight, but CMS should be in the conversation because not all information would be in public domain. • What is role of Optum vs. CMS? Optum has multiple roles: hub developer, independent tester, marketplace advisor (sometimes called SI for marketplace). Regional technical support for hub – properly invoke and use hub services, specifically connecting Medicaid and state services to hub. Technical support for services and troubleshooting for states. SI work is split based on tasks – more focused on Federal systems vs. outreach to states. • Could Optum engage in supporting end-to-end process with State? Optum can investigate. Optum believes they are in a uniquely strong position due to experience helping other states with migration. Optum would need more information to give an estimate of confidence.
Open Questions	• What % of enrollees would have a change of circumstance anyway between 2014 and 2015? These people would need to enter the data either way and could mitigate impact of re-enrolling.

Action Items	• Send detailed requirements to Optum today and they will determine if they can assess functional fit. • Optum to have further discussion to be able to give a level of confidence and provide more certainty on what they could do and when. Need deeper discussion on specific situation (constraints, current issuer capability like EDI). Optum to caucus and respond with timeframe to provide an estimate of what it would take. • CO needs to identify assumptions about current situation and how transition would work. • CO to communicate with CMS to get their insight on FFM capabilities.

Other Notes	• Overview of process of moving to FFM (Carlton) – loading plans
	  o Start with Plan submission (start in May with FFM – approx. May 15)
	  o QHP template
	  o CMS approves the plan and they get loaded
	  o Issuers get onboarded (relatively straightforward process of submitting an Adobe lifecycle form)
	  o Forms loaded into EDI system
	  o Issuers would need to go through some level of EDI testing, EFT testing to make sure files can be transferred (timing would be typically June/July for new cycle)
	  o If issuer already participates in FFM, they may have nothing to do for EFM/EDI setup
	• Once FFM instance set up for Oregon environment, account transfer service would need to be developed (application development).
	• Process for Account transfer service:
	  o CMS would have to be on board
	  o Individual would have to create an account and go through identity proofing to have an application available.
	• FFM will want to ensure people are not dual enrolling in Medicaid.
	• For open enrollment, "normal, natural steps would be applied"

3/21 Attendees:

- Erick Doolan
- Greg Van Pelt
- John Kenagy
- Bruce Wilkenson
- Aaron Patnode
- Sean Kolmer
- Aaron Karjala
- Alex Petit
- Optum
    - Erik Peterson
    - Steve Larson
    - Carlton Kim
    - Kathleen Wi
    - Alisha Wilani
- Tom, Matt, Jeff

From:	Hutchings Laura [redacted]
Sent:	3/20/2014 5:55:24 PM +0000
To:	GAMBLE Galen * GOV <[redacted] KOLMER Sean P * GOV [redacted]
Subject:	CO - Tech Review - March 18 meeting materials
Attachments:	Agenda_TechAltMeeting#3.pptx; Business Organizational Mapping.pdf; Cover Oregon IT considerations-3-18-14.pptx; Cover Oregon_Site Map_ 20130417.pdf; final_TechAltMeeting#3_20140317.pptx; Functional Inventory 3.17.14.xlsx; ORHIX_User Interaction Flows_20120928_DRAFT_for reference only.pdf; Plotter_Tech Alt Meeting #3.pptx; PriorityIssue2003172014.xlsx; Program Improvement.pptx; SiteMap_Conceptual_20120928_DRAFT_for reference only[2].pdf; Tech Alternatives Assessment Meeting 3 Notes - Mar 18 2014-1.pdf

Laura Hutchings| Executive Assistant | Cover Oregon | [redacted]

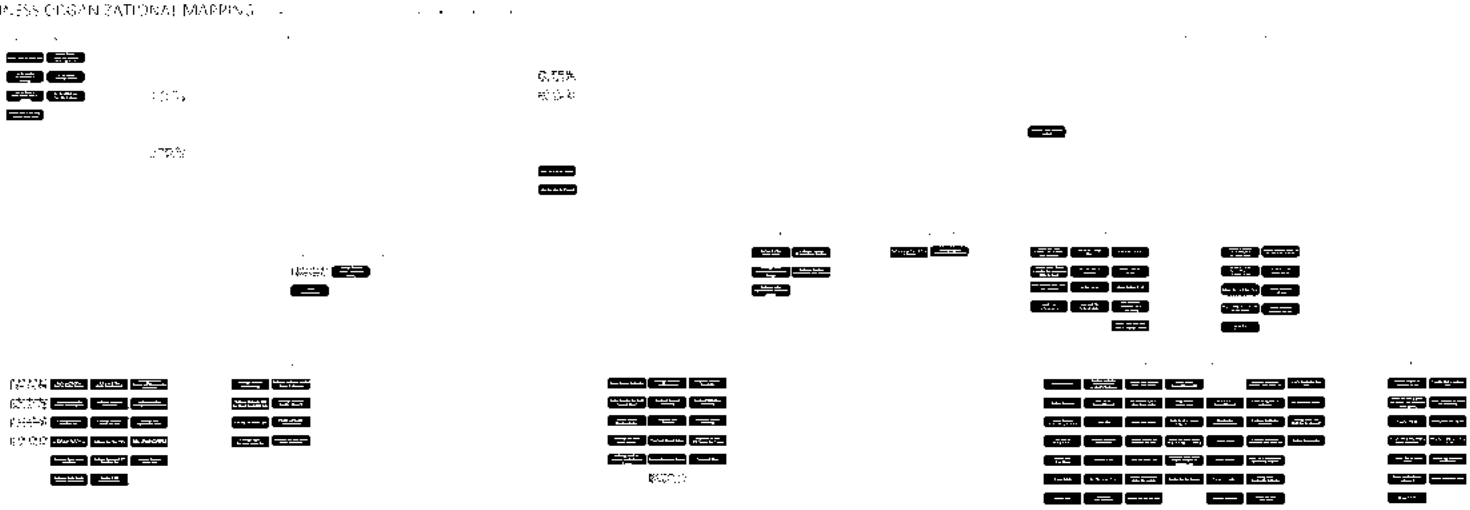
Meeting Agenda: 3/18/3014

Recommendation Evaluation

1. Recap meeting #2
2. Action item follow up
3. Maximus recommendations
4. Alternatives pro / con
5. Go forward organizational improvements
6. Recommendation discussion

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BUSINESS ORGANIZATIONAL MAPPING



Medicaid Considerations

- Where Cover Oregon goes, Medicaid follows : If Cover Oregon decides to use the Federal Exchange, Federal exchange will assess for Medicaid eligibility as a first step.
- When Federal exchange determines that it looks like a person is eligible for Medicaid, it will transfer the information to OHA.
- It will be OHA's (Medicaid's) responsibility to then conduct the full eligibility determination.
- Medicaid will continue to handle all redeterminations and non-Magi Medicaid eligibility as in the past

Impact on Medicaid of Moving to Federal Exchange

- Medicaid must still support paper process for some applicants
- Rework:
  - Processes and data may need to more closely align to federal application
  - Must revisit data mapping to current OHP/OHA systems
  - May need to develop additional processes to support specific program needs
  - Need to transfer/terminate existing processes now in place with Cover Oregon
- **Timeline: 60-90 days lead time (estimate)**
- **Costs currently unknown**

Cost Considerations: Moving to Federal Exchange

- System alignment costs related to data mapping
- Enhancements to connectivity for interaction with Federal Exchange
- Re-marketing and educational efforts
- May need to develop new client-facing online application more closely aligned with federal application process
- May need to develop additional business processes to support program areas
- Need to transfer existing processes now in place with Cover Oregon

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Cover Oregon
Technology Recommendation

Meeting #3
March 18, 2014

Objectives

- Recommend to the Board of Directors the technology solution that will be used to support the 2015 open enrollment beginning 11/15/2014
- Document recommendation within a report for use by the Board of Directors
- Note: Any change in technology solution will necessitate a discussion with CCIIO

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Meeting Agenda: 3/18/2014

Recommendation Evaluation

1. Recap meeting #2
2. Action item follow up
3. Maximus recommendations
4. Alternatives pro / con
5. Go forward organizational improvements
6. Recommendation discussion

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Action Item: Follow up

- Functional traceability (see 4 attachments)
  - Site map, Conceptual site map, User interaction flows, Functional inventory
- JIRA analysis – business prioritized JIRA (see attachment)
- # of Carriers that are already have Federal interfaces: 12 have FFM interfaces

CARRID	Carrier Name	SBM Only	FFM Too
ATRIOH	ATRIO Health Plans, Inc.	x	
BESTLF	BEST Life		x
BRIDGE	BridgeSpan Health Company (Cambia/Regence)		x (Parent Co.)
COOPHE	Oregon's Health CO-OP (Community Care)	x	
DENHSV	Dental Health Services		x
DENTEG	Dentegra (Delta Dental)		x
GUARDI	Guardian (SHOP Only)		x
HEAREP	Health Republic Insurance Company	x	
KASIND	Kaiser Foundation Health Plan		x
LIFEWI	LifeWise Health Plan of Oregon (Premera)		x (Parent Co.)
MODAHE	Moda		x
NETHEA	Health Net Health Plans of Oregon		x
PACIFI	PacificSource Health Plans		x
PROVID	Providence Health Plan		x
TRILLI	Trillium Community Health Plan, Inc.	x	
WILLIA	Willamette		x

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Action item: Follow up

- How would accuracy rate improve if more complex use cases are removed from required functionality?
  - Large households represent ~ 4-8% of enrollments; large and complex are correlated
  - ~ 80% of complex case failures are user input errors

- Share results from fix release this weekend to see how *"well that didn't work"* 10-30% error rates are impacted.
  - Sunday: 0.4% based on 1,846 new applications
  - Monday (8 am): 0.7% based on 546 applications

- Host a CIO discussion before meeting next Tuesday (7am-9am); Scheduled

- Determine how FFM handles Tribal sponsorship
  - Federal solution allows for but does not include sponsorship functionality like Oregon
  - Would necessitate Tribes and Carriers setting up relationship

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Action item: Follow up

Section 2. Tribal Sponsorship of Premiums

Regulations at 45 C.F.R. 155.240(b) provide Marketplaces with flexibility to permit Indian tribes, tribal organizations, and urban Indian organizations to pay QHP premiums—including aggregated payment—on behalf of members who are qualified individuals, subject to terms and conditions determined by the Marketplace. During consultations with tribal governments, tribal leaders indicated the importance of tribes having the ability to pay premiums on behalf of their members.

For the 2014 benefit year, CMS assessed its various systems to determine how the FFMs could establish a process to facilitate Tribal Premium Sponsorship or the ability of Indian tribes, tribal organizations, and urban Indian organizations to pay premiums on behalf of AI/ANs. Because the FFMs will not collect premiums directly from individuals, ***CMS concluded that the FFMs will not be able to establish a process that would facilitate premium sponsorship, including Tribal Premium Sponsorship, for October 1, 2013. This determination remains unchanged for the 2015 benefit year.***

CMS recognizes that aggregating premium payments can be an effective mechanism for increasing the enrollment of AI/ANs in QHPs and will continue to work on this option for future years.

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Maximus Priority / Recommendations

See electronic file

Pro / Con Factor Definitions

Factor	Definition
Alignment to Oregon needs	Degree to which the solution fits the State of Oregon needs
Impact to the State of Oregon	Cost and disruption issues impacting State of Oregon based on solution
Customer functional fit	Solution has all functional factors that Oregon customers require
Impact to Carriers	Cost and disruption issues impacting carriers based on solution
Impact to Community Partners & Agents	Satisfaction, cost and disruption issues impacting CPAs based on solution
Cost	Sunk solution costs, solution implementation costs, solution future costs, organizational changeover costs
Product performance	Success of the solution in the exchange marketplace
Timeline fit for November 2014	Ability to have solution ready to deploy by 11/15/2014
Disruption; business continuity impact	Business disruption & continuity issues caused by solution implementation

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Pro / Con Assumptions

- Federal program will allow Cover Oregon to transition into system
- There is another state system that has all necessary functionality for Oregon
- Cover Oregon can put organizational changes in place
- Transfer State SBM solution would be approved to transfer from identified state
- Solution recommended for November 2014 timeline will not necessarily be the solution recommended for long-term use
- CCIIO will approve Cover Oregon technology change

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Pro / Con: #2 Keep the technology / new vendor

Factor	Pro	Con
Alignment to Oregon needs	• Exchange was designed based on Oregon policy, law and ability to shape decision making to meet Oregon's needs • Included full integration among variety of programs such as Medicaid, QHP	
Impact to the State of Oregon	• Fewer unknown risks than a new solution • Maintain integration to sister programs within Oregon which facilitates enrollment in Medicaid • Ability to use Agents can boost enrollments (5,000+ to date)	• Need for expertise and capacity to finish and manage an Oregon specific exchange
Customer functional fit	• Current technology allows Community Partners / Agents and Individuals to use the site	• Non operational SHOP
Impact to Carriers	• Carriers could have greater input into requirements	• Deployment of interfaces have been slow
Impact to CPA	• Agents have custom functionality within Cover Oregon portal	• Frustrated partners due to implementation issues

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Pro / Con: #2 Keep the technology / new vendor, cont.

Factor	Pro	Con
Cost (a more robust cost analysis to follow)	• Lower ongoing, long-term costs of 2.5% charged to carriers versus 3.5% charged by Federal • Ability to leverage sunk costs and assets into the future	• Higher initial one-time implementation costs than FFM alternative
Product performance	• Eligibility determination is working along with shopping and plan selection • Portal is enrolling customers through Agents	• Missing re-enrollment, change of circumstances and SHOP • Carrier interfaces not complete • Usability testing needs to be expanded to include end users
Timeline fit for November 2014	• Infrastructure and functionality is in place with enrollments occurring; no full implementation required	• Ability to meet tight timeline will depend on outstanding gaps analysis and ability to institute governance and program management improvements
Disruption; business continuity impact	• Higher continuity with current technology	• Disruption due to new vendor onboarding and potential architectural changes

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Pro / Con: #9 Federal Partnership

Factor	Pro	Con
Alignment to Oregon needs	• Has Individual QHP eligibility, plan shopping and enrollment • Has predetermined carrier interfaces	• Inability to make custom changes • Must fit into predetermined solution • Not an integrated solution for multiple State programs • Minimal Agent functionality • SHOP currently not deployed
Impact to State of Oregon	• Has end to end Individual functionality • Simplifies governance and decision making	• Lose ability to integrate with Medicaid • Lose flexibility on exchange roadmap including integration to multiple State programs
Customer functional fit	• Has all basic functional needs for individual	• Unknown at this point • Idaho consumers reported dissatisfaction dealing with Federal call center • Need for data migration • Full end-to-end testing cycle
Impact to Carriers	• Some carriers could leverage Federal interfaces already built	• Some carriers would need to develop new interfaces • Lesser match to Carrier technical needs, e.g., EDI versus web services
Impact to CPA	• None identified	• CPA do not have client management functionality • No ability to search for CPA's

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Pro / Con: #9 Federal Partnership, cont.

Factor	Pro	Con
Cost (a more robust cost analysis to follow)	• Lower one-time implementation cost	• 3.5% charged to Carriers versus 2.5% for State of Oregon • Decommissioning and transfer of assets costs
Product performance For November	• Functional system for Individuals	• No SHOP • Idaho reported inadequate support from Federal call center • Doesn't appear to have change of circumstance capability
Timeline fit for November 2014	• Shortest timeline of all alternatives	• None
Disruption; business continuity impact	• Unknown	• Impact to CO and Medicaid business and technology; continuity impacted

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Pro / Con: #3 State Transfer SBM

(e.g., Rhode Island)

Factor	Pro	Con
Alignment to Oregon needs	• Potential fit due to multiple state systems	• Need to complete gap analysis on alternatives • Must implement new State solution
Impact to State of Oregon	• There are states with end-to-end functionality including SHOP	• Lose flexibility on exchange roadmap including integration to multiple State programs • Need to reintegrate with Medicaid
Customer functional fit	• Rhode Island example solution has necessary functional areas	• Need to complete gap fit with any other state solution • No known state technology set up to transfer technical 100% solution fit to another state • Need for data migration • Full end-to-end testing cycle
Impact to Carriers	• Other state systems have carrier functionality (if fit for Oregon)	• Need to modify all interfaces to fit new solution
Impact to CPA	• Unknown	• Must learn new application

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Pro / Con: #3 State Transfer SBM, cont.

Factor	Pro	Con
Cost (a more robust cost analysis to follow)	• Similar costs for one-time implementation to "keep the technology" alternative • May have proven architecture	• More expensive one-time implementation costs than Federal option • Disruption and continuity costs • Limited set of solutions that can satisfy without significant modifications
Product performance For November	• Functioning system in other states	• Unsure about SHOP based on state solution • Unsure about re-enrollment and change of circumstance based on state solution
Timeline fit for November 2014	• Unknown	• Must confirm contract issues • Must select new solution • Must confirm new solution with CCIIO • Unsure of technical ability to be used by Oregon • Data transfer • Carrier interfaces must be reintegrated
Disruption; business continuity impact	• May be able to reduce number of manual work arounds based on solution	• CO would need to learn new system • Search and selection of new solution • Potential for parallel systems for a period of time

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Go Forward Organizational Improvements

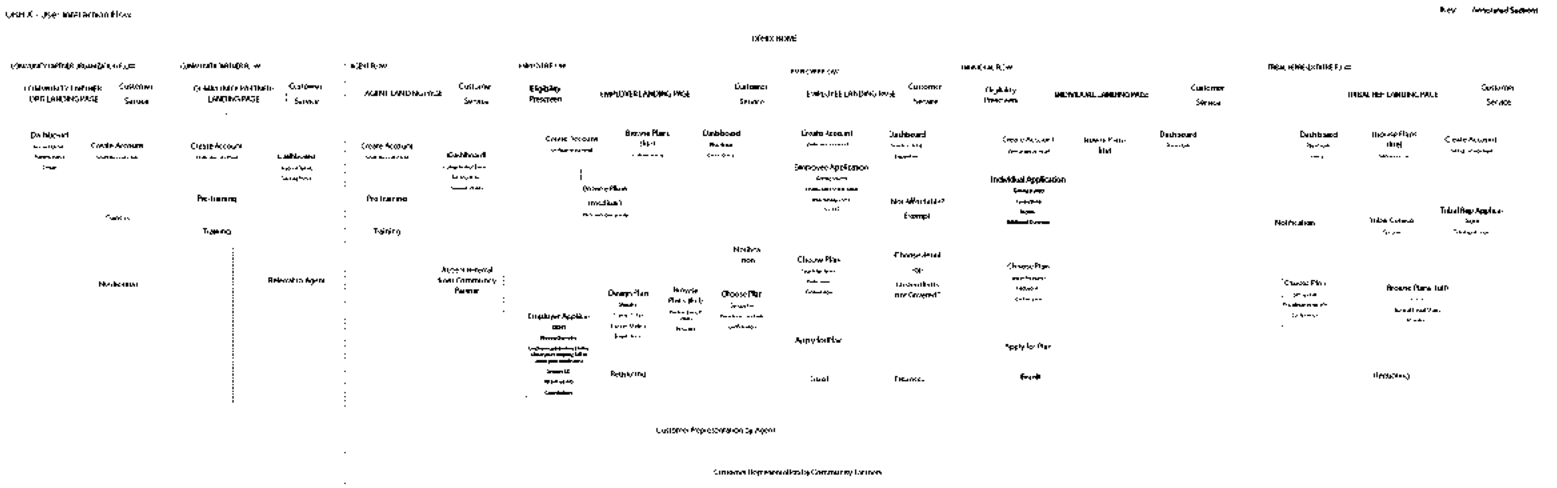
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- Areas of focus
  - Project management and governance
  - People and process
  - Application functionality
  - Technology and infrastructure

- Timeline
  - 4/4, complete systems needs assessment
  - 4/4, complete Charter documents (Project Charter, Resource Plan)
  - 4/15, identify staffing gaps for full functioning program/project team
  - 4/20, identify and implement governance oversight with Executive and working Steering Committee by Friday, 4/20
  - 4/30, identify and select system integrator
  - 6/30, close gaps in integrated project plan

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Pro / Con Factor Definitions

Factor	Definition
Alignment to Oregon needs	Degree to which the solution fits the State of Oregon needs
Impact to the State of Oregon	Cost and disruption issues impacting State of Oregon based on solution
Customer functional fit	Solution has all functional factors that Oregon customers require
Impact to Carriers	Cost and disruption issues impacting carriers based on solution
Impact to Community Partners & Agents	Satisfaction, cost and disruption issues impacting CPAs based on solution
Cost	Sunk solution costs, solution implementation costs, solution future costs, organizational changeover costs
Product performance	Success of the solution in the exchange marketplace
Timeline fit for November	Ability to have solution ready to deploy by 11/15/2014
Disruption; business continuity impact	Business disruption & continuity issues caused by solution implementation

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Pro / Con: #2 Keep the technology / new vendor

Factor	Pro	Con
Alignment to Oregon needs	• Exchange was designed based on Oregon policy, law and ability to shape decision making to meet Oregon's needs • Included full integration among variety of programs such as Medicaid, QHP	
Impact to the State of Oregon	• Fewer unknown risks than a new solution • Maintain integration to sister programs within Oregon which facilitates enrollment in Medicaid • Ability to use Agents can boost enrollments (5,000+ to date)	• Need for expertise and capacity to finish and manage an Oregon specific exchange
Customer functional fit	• Current technology allows Community Partners / Agents and Individuals to use the site	• Non operational SHOP
Impact to Carriers	• Carriers could have greater input into requirements	• Deployment of interfaces have been slow
Impact to CPA	• Agents have custom functionality within Cover Oregon portal	• Frustrated partners due to implementation issues

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Pro / Con: #2 Keep the technology / new vendor, cont.

Factor	Pro	Con
Cost (a more robust cost analysis to follow)	• Lower ongoing, long-term costs of 2.5% charged to carriers versus 3.5% charged by Federal • Ability to leverage sunk costs and assets into the future	• Higher initial one-time implementation costs than FFM alternative
Product performance	• Eligibility determination is working along with shopping and plan selection • Portal is enrolling customers through Agents	• Missing re-enrollment, change of circumstances and SHOP • Carrier interfaces not complete • Usability testing needs to be expanded to include end users
Timeline fit for November 2014	• Infrastructure and functionality is in place with enrollments occurring; no full implementation required	• Ability to meet tight timeline will depend on outstanding gaps analysis and ability to institute governance and program management improvements
Disruption; business continuity impact	• Higher continuity with current technology	• Disruption due to new vendor onboarding and potential architectural changes

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Pro / Con: #9 Federal Partnership

Factor	Pro	Con
Alignment to Oregon needs	• Has Individual QHP eligibility, plan shopping and enrollment • Has predetermined carrier interfaces	• Inability to make custom changes • Must fit into predetermined solution • Not an integrated solution for multiple State programs • Minimal Agent functionality • SHOP currently not deployed
Impact to State of Oregon	• Has end to end Individual functionality • Simplifies governance and decision making	• Lose ability to integrate with Medicaid • Lose flexibility on exchange roadmap including integration to multiple State programs
Customer functional fit	• Has all basic functional needs for individual	• Unknown at this point • Idaho consumers reported dissatisfaction dealing with Federal call center • Need for data migration • Full end-to-end testing cycle
Impact to Carriers	• Some carriers could leverage Federal interfaces already built	• Some carriers would need to develop new interfaces • Lesser match to Carrier technical needs, e.g., EDI versus web services
Impact to CPA	• None identified	• CPA do not have client management functionality • No ability to search for CPA's

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Pro / Con: #9 Federal Partnership, cont.

Factor	Pro	Con
Cost (a more robust cost analysis to follow)	• Lower one-time implementation cost	• 3.5% charged to Carriers versus 2.5% for State of Oregon • Decommissioning and transfer of assets costs
Product performance For November	• Functional system for Individuals	• No SHOP • Idaho reported inadequate support from Federal call center • Doesn't appear to have change of circumstance capability
Timeline fit for November 2014	• Shortest timeline of all alternatives	• None
Disruption; business continuity impact	• Unknown	• Impact to CO and Medicaid business and technology; continuity impacted

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Pro / Con: #3 State Transfer SBM
(e.g., Rhode Island)

Factor	Pro	Con
Alignment to Oregon needs	• Potential fit due to multiple state systems	• Need to complete gap analysis on alternatives • Must implement new State solution
Impact to State of Oregon	• There are states with end-to-end functionality including SHOP	• Lose flexibility on exchange roadmap including integration to multiple State programs • Need to reintegrate with Medicaid
Customer functional fit	• Rhode Island example solution has necessary functional areas	• Need to complete gap fit with any other state solution • No known state technology set up to transfer technical 100% solution fit to another state • Need for data migration • Full end-to-end testing cycle
Impact to Carriers	• Other state systems have carrier functionality (if fit for Oregon)	• Need to modify all interfaces to fit new solution
Impact to CPA	• Unknown	• Must learn new application

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Pro / Con: #3 State Transfer SBM, cont.

Factor	Pro	Con
Cost (a more robust cost analysis to follow)	• Similar costs for one-time implementation to "keep the technology" alternative • May have proven architecture	• More expensive one-time implementation costs than Federal option • Disruption and continuity costs • Limited set of solutions that can satisfy without significant modifications
Product performance For November	• Functioning system in other states	• Unsure about SHOP based on state solution • Unsure about re-enrollment and change of circumstance based on state solution
Timeline fit for November 2014	• Unknown	• Must confirm contract issues • Must select new solution • Must confirm new solution with CCIIO • Unsure of technical ability to be used by Oregon • Data transfer • Carrier interfaces must be reintegrated
Disruption; business continuity impact	• May be able to reduce number of manual work arounds based on solution	• CO would need to learn new system • Search and selection of new solution • Potential for parallel systems for a period of time

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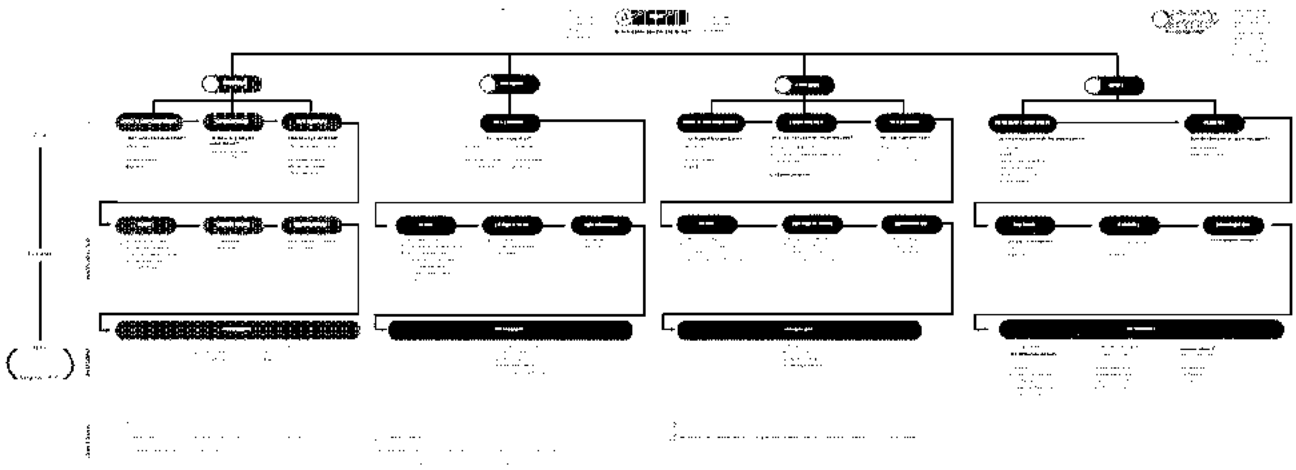
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Timeline

- 04/04/2014:
  - Needs Assessment Complete
- 04/11/2014:
  - Project Charter Created
  - Resource Planning
- 04/18/2014:
  - Identify staffing gaps
- 04/25/2014:
  - Implement Project Governance
  - Selection of SI Vendor

Program Improvement Activities

- Enhance Governance
  - Implementation of project steering committee and executive sponsorship;
  - Development of organizational structure to define leadership expectations/roles from both Cover Oregon and vendors.
- Project Management
  - Updates to the original project plan to track tasks, dependencies, and milestones;
  - Identification of overall project manager responsible for tracking critical project milestones and outcomes across all disciplines.
- Vendor Management
  - Alignment of contracts with vendor capabilities;
  - Alignment of status reporting structure across vendors.
- Enhance System Deployment Practices
  - Creation of a more robust code cutover plan to track essential deployment and migration activities;
  - Consolidation of command center staffing and logistics into a single plan;
  - Enhancement of incident management plan to include defect escalation process;
  - Consideration of automated migration activities.



Meeting Notes – March 18, 2014

Decisions	• Alternative 3 is not a consideration for November, but should still be on the table as a potential longer-term alternative. • Must transition to FFM if Federal approval is not received for emergency procurement and/or an SI is not on board by 4/30.
Key Points / Assumptions	• ~150 active defects being managed in the system across both interfaces and the internal application. A total of approximately 1,200 open issues total (remainder not in ~150 are not actively managed). Terminology developed with Oracle is a bit misleading in terms of impact to the system. For example, defects labelled as "blocker" are not necessarily stopping production operations (e.g., internal call center issue). There would be four priorities for development if it moves forward. Priority determined with three criteria: stability of hybrid process, stabilizing the system for CPA, minimizing back office work arounds. • The scope of CO is broader than many people realize. It is a lot more than just a healthcare exchange. • Providence Health Plan does not have an interface to the FFM. Total of 5 carriers do not have FFM interfaces and 11 that do. • Complex case errors occur in eligibility and shopping for health plans. Family of three or more seems to be a threshold for getting errors. • Takeaways from CIO meeting: o FFM should be seen as an "insurance policy" for CO. Idaho started in May and finished in time for open enrollment. Have contacts to research this option more. o Request to Deloitte to report out from deep dive analysis that is in progress. CO and consultants not included in the brief. o Reach out to Optum to discuss transition into FFM. o What is the Oregon business vision long-term for integrated eligibility, case management, portals, etc. (i.e., narrow ACA requirements vs. broader holistic vision)? State has suspended integrated activities. One option is for CO to be a late adopter of the state enterprise solution once it is proven to be working. This would mean CO would meet minimum requirements for an exchange for at least 2 years until the state vision is more reality. • Tribal sponsorship not offered by FFM, but not implemented yet at Oregon either. • Maximus scope is independent QA, QC and IV&V. Advocate for success in project outcomes.

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	○ Independent QA reviews processes, procedures, structures for running the project. ○ Independent QC looks at physical deliverables and doing a critical review on it (scope of review is determined by CO, and could include code as a deliverable). ○ IV&V is based on test cases, specifically using the JIRA system. Test cases could include those developed by Federal, vendor and also independently developed cases. ○ Monthly QA report, QC ad-hoc processes, IV&V testing offsite of test cases. ○ Maximus could weigh in on "how close" the current solution is and "how long" to remediate issues • CO has marketing and operations teams that advocate for the consumer perspective. • Deloitte doing a cursory analysis of open defects and then shifting to capability requirements (what is needed for functioning exchange in 2015). • Key to success is defining minimum acceptable scope, but this has not been done to date…how will this be done going forward and who would do it? • Medicaid considerations: ○ Potential option to offload eligibility determination from CO to OHA? CO continues doing assessment ○ If move to FFP, need to build front-end for OHA ○ Always going to be a Medicaid requirement regardless of technical alternative chosen
Action Items	• Schedule hour briefing from Deloitte 8am-9am on Thursday with committee and Maximus, but not CO or Point B. • Report out by Optum on Thursday 9am-10am regarding their perspective on transition to FFM. • Meeting at 3:30pm on Wednesday to review requirements traceability – understand requirements that were originally defined, progression of scope, elements that support that scope, and current status (in production, in development, etc.). Both onsite and teleconference. • Maximus to determine confidence level and timeline required for each recommendation to be successful for November open enrollment • Provide high-level cost estimate for Medicaid implications of the two alternatives. • Optum to review alternative #9 pros/cons, Deloitte for alternative #2 ○ Get their confidence level in getting done by November

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Next Steps	• Go Forward Organizational Improvements
	• Identify open defects related to customer issues for Individual launch. Have inventory and could analyze it to get this list. Do a longer term assessment to determine what would be on the list for the next 6 months. Existing group in place to do this prioritization (estimated to take approximately a week for initial analysis).
	• Get more information on alternative #9 (FFM Partnership), and more information on how Idaho moved to the FFM.
	• Develop more detailed view of where system is today for alternative #2 (Current technology, new vendor). This should include both technical feasibility and management/accountability/scope
	• Management team needs to determine doable scope for November
	• Get more detailed info on the cost side
	  ○ Categories like: keep the lights on this year, get to 2014 solution, future solution
	  ○ How get to apples/apples cost comparison? (SHOP in or out, functionality changes assumptions, sunk costs applicable to any, Federal baked into number, work around program for rest of year)
	  ○ Get $$ figure based on current and projected enrollment for 2.5% vs. 3.5%

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Oregon Health Insurance Exchange Corporation (ORHIX) / Cover Oregon (CO) Monthly Quality Status Report

January 2013

Deliverable #2.3.e

Draft

Dated: Feburary 15th, 2013

TABLE OF CONTENTS

SECTION 1: Introduction

The Oregon Health Insurance Exchange Corporation (ORHIX), now known as Cover Oregon (CO), recognizes the value of an independent, third-party to provide formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

- **Initial Risk Assessment** - identification of initial risks facing CO
- **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
- **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of January, 2013. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.

Since July 2011, the Oregon Health Authority (OHA) has led the design and implementation of the Health Insurance Exchange – Information Technology (HIX-IT) solution, building upon the Oracle products and Enterprise architecture envisioned by the State of Oregon.

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SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. In other words, progress in some areas since last month is offset by the fact that there is one less month until the federally mandated deadlines. Additionally, categories carry different relative weight when assessing the overall risk level of the effort. For example, while 12 out of 16 Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule", and "Inter-Org Coordination" remain high (red), which drives the overall HIGH (red) risk assessment.

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally. For example, in order to meet the federal requirement that the Exchange be up and running by January 1, 2014, the system must be completed and ready to accept enrollments by October 2013. This is clearly a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is fully dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of January, including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO continues to make positive and significant progress towards the launch of the Oregon Health Insurance Exchange. The organization has and continues to demonstrate flexibility and creativity in dealing with this complex and evolving landscape.
- CO has secured 226 million dollars in Level 2 funding for the project. Approximately 90 million of this amount is dedicated for the IT portion of the product.
- CO and OHA have decided to not merge and re-baseline the Seibel component of the ORACLE product suite. Additionally, they have decided other components of the ORACLE product suite should also be multi-instance allowing more flexibility and reducing risk for CO.

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- As a result of the multi-instance ORACLE approach is was deemed best to have the CO ORACLE products reside on non-EXA or standard commercial platforms within in the ORACLE On Demand environment.

The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

Table 1: Summary Quality Standards Scorecard

Quality Rating Category	*QA Risk Level*	*Priority QA Recommendations*	*CO Risk Level*	*CO Response*
OVERALL HEALTH		• See below for specific priority recommendations. • Continue to review, update, and track all outstanding quality risks and recommendations.		• CO agrees with this risk assessment based on the statement that the endeavor itself is high risk. Much progress is being made and CO expects that to continue.
Business Mission and Goals	***Med***	• CO is creating a Business Operations Plan as a supplement to the Business Plan. This is expected to be completed by early 2013. • CO is updating the Medicaid enrollee modeling. This analysis should be shared with CMS and other States. • MAXIMUS recommends that CO formally (in a letter) articulate the dates with OHA and DHS business units as to when the window for automation and operational changes will be closed for this release with respect to Medicaid.		• CO does not disagree with the findings, but believes they belong in other areas. None of the findings, risks or recommendations relate to "Business Mission and Goals" • CO agrees that updated modeling should be shared widely. • CO agrees that deadlines should be shared with OHA and DHS in a formal written document.
Roadmap	***Med***	• A general road map has been defined that goes until 2016. • The roadmap for the first release will be in flux until scope sizing is completed. Scope sizing is expected to be		• 2013 scope lockdown will define the Version 1 elements of the road map. Additionally, staff is compiling and prioritizing products and services for Version 2 and beyond.

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Quality Rating Category	*QA Risk Level*	*Priority QA Recommendations*	*CO Risk Level*	*CO Response*
		completed for the Oct 2013 release no later than March 1st 2013.		
Scope		• Develop clear milestones, tasks and checkpoints for the Scope lockdown and sizing for the month of February. This schedule should provide CO an indication of how much scope (if any) needs to be deferred as soon as possible (preferable by mid-February). • CO and OHA should resist prolonging the requirements window any further then March 1st as it will affect the organization and schedules of the testing, training, and operational execution of the project. • CO should establish formal trigger points for OHA Medicaid system development and business units and these trigger points should be communicated to the OHA staff and Director to ensure the appropriate focus applied to meet the deadlines for the project. See att C.		• CO agrees that deadlines should be formally defined. In February CO established a deadline for MMIS inclusion. CO executive director sent a letter to OHA director informing him and organization of April 1 deadline, required deliverables, and CO mitigation strategies if deadline was not met. • Use case packets, which include the final requirements for the V1 build, will be delivered by March 1st. Agreed upon scope will be identified on March 1st.
Schedule		• Continue working towards a comprehensive integrated schedule for HIX-IT and OIS Shared Services. • Continue to identify project dependencies and critical paths. • Begin to Baseline pieces of the schedule and track for variance. Produce a variance report of the schedule.		• CO agrees with this finding. • Cover Oregon continues to work closely with OHA to mitigate staffing shortages. We currently feel comfortable with the linkage via milestones in our schedules.

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Quality Rating Category	*QA Risk Level*	*Priority QA Recommendations*	*CO Risk Level*	*CO Response*
Budget	***Med***	• Update the budget to reflect the new multi-instance architecture and organizational costs for CO.		• CO agrees with the recommendation. • This area is low risk.
Funding		• CO has secured 226 million dollars in Level 2 funding for the Exchange.		• CO agrees with the finding. • This area is low risk.
Board Governance		• Continue to work with the Board to maintain the Board Policy Manual, including adequate processes and controls related to potential conflicts of interest.		• CO agrees with the recommendation and assessment that this is a low risk area.
Inter-Org Coordination		• Formally (in writing) provide clear dates to OHA business and OIS for the near term expectations for Medicaid requirements, and MMIS system interface architecture approach and delivery. • See Attachment D, "No Wrong Door" Cooperation. Work is progressing with the OHA business group with respect to "No Wrong Door". This work may need to mature and span over multiple system releases.	***Med***	• CO agrees that a formal written deadlines document is needed. In February, CO sent such a letter regarding MMIS inclusion in the build to OHA.
Org Management		• The organization is growing at a very quick pace. CO is adapting and managing		• CO agrees.
Human Resources	***Med***	• With the advent of the multi-instance architecture approach being taken, CO may need to re-evaluate their IT organization personnel and skill sets. • CO should consider		• CO agrees and is re-evaluating personnel needs by working with OHA to determine ongoing maintenance and operations needs.

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Quality Rating Category	*QA Risk Level*	*Priority QA Recommendations*	*CO Risk Level*	*CO Response*
		adding an experienced Product Portfolio person. This skill set would be instrumental in defining the detailed features and functions of the product and creating and managing a detailed product roadmap for the various lines of business.		
Stakeholder Management		• No findings		•
Commun-icat ion		• As the final scope is defined the initial launch expectations may need to be reestablished with the various stakeholders. • MAXIMUS expects that additional changes may occur as final development and testing is accomplished. The communication of these changes will need to be managed with the stakeholders and public.		• CO concurs with need to clarify effort and re-establish expectations, and that as changes are made the communications team will need to manage the communication of any changes. • Not noted by QA, but the following occurred in January 2013: CO had a communications RFP on the street, collected responses, a team scored responses and finalists were invited to give presentations.
Project Management	***Med***	• See attachment B Detailed reporting and tracking. • The Project Management foundational documents are awaiting a formal QC review. • See attachment F Risk Analysis for Security Approach.	***Med***	• CO agrees with this finding. • Cover Oregon has made significant progress in it's coordination with HIX-IT project planning documentation. • In addition, we are contracting for an independent security audit to validate the security models and controls in the system.
Contract Management	***Med***	• Clearly tie contractor work to the project WBS and schedule. Track progress (% complete) accordingly.	***Med***	• CO agrees • Contract work is tracked within the CO schedule along with other tasks in the effort.

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Quality Rating Category	*QA Risk Level*	*Priority QA Recommendations*	*CO Risk Level*	*CO Response*
Product Content	[redacted]	• User Interface work by Deloitte is scheduled to be completed in by March 1st. This timeline is problematic. • See Attachment A, C, and D.	[redacted]	• CO agrees • Deloitte is delivering the highest priority UI documentation by March 1st with the remainder on March 8th. • CO is pursuing an independent security audit to address potential security concerns. • CO is working closely with OHA and DHS to determine an appropriate strategy for delivering Medicaid integration on October 1st. Medicaid integration is of high importance.
Testing	***Med***	• Create a comprehensive Test Plan that outlines the strategy for iteration and UAT & IV&V testing to be conducted by CO • The first draft of the CO test plan is due out mid-February. • Moving the CO off the Exa environment may result in a new environment for the test work. • OHA System Integration Testing is scheduled to significantly overlap CO User Acceptance Testing due to the tight schedule. This is not an idea situation and can cause coordination issues among the groups. Care should be taken not to impinge or reduce the testing window any further.	***Med***	• CO agrees • CO is working closely with OHA to build a comprehensive test plan. The CO UAT test plan was created to dovetail into the larger OHA strategy. • CO is working with OHA to ensure the priority testing areas receive the originally full planned duration.

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Table 2: QA Risk Level Tracking

Quality Rating Category	*June '12*	*July '12*	*Aug '12*	*Sept '12*	*Oct '12*	*Nov '12*	*Dec '12*	*Jan '13*	*Feb '13*
OVERALL HEALTH									
Business Mission and Goals				*M*	*M*	*M*	*M*	*M*	
Roadmap			*M*	*M*	*M*	*M*	*M*	*M*	
Scope									
Schedule									
Budget	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	
Funding	*M*	*M*	*M*	*M*	*M*	*M*	*M*		
Board Governance	*M*	*M*	*M*	*M*					
Inter-Org Coordination									
Organizational Management	*M*	*M*	*M*	*M*	*M*				
Human Resources	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	
Stakeholder Management	*M*	*M*							
Communication	*M*	*M*	*M*	*M*	*M*				
Project Management				*M*	*M*	*M*	*M*	*M*	
Contract Management	*M*	*M*	*M*	*M*	*M*	*M*	*M*	*M*	
Product Content	*M*								
Testing				*M*	*M*	*M*	*M*	*M*	

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SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of January, 2013.

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Section 4: Updated Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. At the client's request, unique numbering has been introduced for both risks and recommendations, to assist in tracking. For example, risks in the Business Mission and Goals section of the report can be identified as Risk-BMG-1, Risk-BMG-2, etc. Recommendations can be similarly, uniquely identified. The integrity of the numbering will be preserved during future reports.

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Quality Rating Category	Dec 2012	Jan 2013	Risk Assessment Finding, Risks, and Recommendations
Business Mission and Goals (BMG)	***Med***	***Med***	

Findings During Period:

- QA understands that CO is creating a Business Operations Plan as a supplement to the Business Plan. This document is expected to further detail the various exchange functions and plans for the first release of the exchange. A draft of this document is expected to be completed in Feb 2013.
- The Business Plan is also expected to be updated with updated enrollee projections by the end of March.
- CO is updating the Medicaid enrollee modeling by reaching out to other states that have online experience with Medicaid populations. This information will be utilized to create a model with a broader set of source material. This material is expected to add to the enrollment strategy and approach. This analysis will be a valuable piece of work that should be shared with the Feds and other States.
- The business missions and goals between OHA OIS and CO are not fully aligned with respect to Medicaid. Work is being done in this area, however, the cultures and timelines are different. March 1, 2013 will be the last date for requirements for the Oct 2013 IT release. After March 1st the work/decisions/agreements between OHA and CO for system automation of Medicaid will have to be pushed into the release due out after Oct 2013.

Risks:

1. Without a sufficiently detailed enrollment modeling and financial information in Business Plan CO may set the wrong expectations with the Board and various stakeholders.
2. Without clear understanding, communication and alignment of the deadlines and priorities for the Oct 2013 release between the business units (CO, OHA) may result in delayed launch for Medicaid.

Recommendations:

1. Complete
2. Complete
3. (In process) Utilize updated business market data, potentially from Wakely Group and other states for Medicaid enrollee projections. Use this to enhance the Business Plan document with more detailed analysis.
4. (In process) Update the detailed business model for the Exchange. Document in detail all relevant assumptions, risks, constraints and contingency plans. Update in detail, all revenue projections with justification of why they are valid. Update, in detail all costs with justification of their validity. This information should be used to model and determine long-term sustainability in a variety of circumstances. This information should be appended to the updated Business Plan. This plan should include Medicaid "take rates" for the electronic exchange, as well as references to source materials.
5. Clearly identify the business roadmap and ensure that it is connected with the business modeling and Business Plan.

SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	Cover Oregon agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue.
Business Mission and Goals	Cover Oregon agrees that as modeling is updated, the results should be shared with our state and federal partners. Deadlines should be shared with OHA and DHS in a formal written document. Cover Oregon notes that while the corporation does not disagree with the findings, they belong in other areas. None of the findings, risks or recommendations relate to "Business Mission and Goals"
Roadmap	The 2013 scope lockdown will define the Version 1 elements of the road map. Additionally, staff is compiling and prioritizing products and services for Version 2 and beyond.
Scope	AARON Finalizing scope for this project is occurring in line with the overall project's iterative structure through the weekly scope checkpoint process. Changes are continuing to be made to the requirements needed for base lining and finalization of scope. Agreed upon scope will be identified on March 1st. In February CO established a deadline for MMIS inclusion. CO executive director sent a letter to OHA director informing him and organization of April 1 deadline, required deliverables, and CO mitigation strategies if deadline was not met.
Schedule	Cover Oregon continues to work closely with OIIA to mitigate staffing shortages. We currently feel comfortable with the linkage via milestones in our schedules. There are concerns with how each scheduler is utilizing their schedule; CO would like the schedules to be used to drive decisions on scope and resource requirements. Cover Oregon will establish a weekly scheduling meeting to address this concern.
Budget	This area is low risk as we have the CCIO grant dollars. We in the L2 grant ask based our ask on what we would live with from a budgetary perspective. So a better portion of this work is done, but is in the process of finalizing as contract are put in place and enrollment number projections are finalized with the board.
Funding	This area is low risk, particularly in light of the CCIIO grant approval.
Board Governance	This area is low risk. Cover Oregon agrees that ongoing discussions with and provision of information to the Board is essential for the Board's active participation in the project.
Inter-Org Coordination	Formal written deadlines and operational agreements are required between Cover Oregon and its state partners.

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Organizational Management	Cover Oregon agrees that the organization is growing quickly. The corporation is taking steps to manage the growth and help staff adapt to change.
Human Resources	We are waiting for the board to "approve" final policies and an employment handbook and will have finalized 3/2013. We also have hired a recruiter and another generalist to round out the team to meet the HR demands of the organization. We also have put a formal onboarding process in place to get new staff acclimated as quickly as possible.
Stakeholder Management	Cover Oregon continues to actively engage stakeholders.
Commun-ications	Cover Oregon agrees that good communications will be needed to inform and educate stakeholder, consumers and others when offerings change from the initial plan, as well as over time.
Project Management	Cover Oregon has made significant progress in its coordination with HIX-IT project planning documentation. Cover Oregon has also begun the Quality Control process on its project level documentation. CO will be implementing a contract with an independent vendor for a security implementation assessment.
Contract Management	An administrative resource has been put in place to support the work of the contracts team to create a more robust process. Cover Oregon continues to closely monitor contract performance and budget.
Product Content	The scope checkpoint process in now in progress. Cover Oregon has created a comprehensive change control process, which is going through Maximus's Quality Control process. Cover Oregon, Deloitte, HIX-IT and Oracle have aligned the UI schedule to the build plan. A full lock down of the scope is planned to be complete by 3/1/13
Testing	The testing environment has not been timely or fully adequate for all CO testing needs. CO is in the process of evaluating a companion testing system to ensure we can fully execute our testing strategy. CO will continue to evaluate test schedule as we manage scope and progress

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SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

	Probable/eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
	Possible/unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT		
	Low	Med	High
High	MED		
Med		MED	
Low			MED

Attachment A: Detailed Security Concerns (July Findings)

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Findings:

- The current Identity and Access Management (IAM aka. IDM), Single Sign On (SSO), External Self-Administered Role and Role Based Access (RBAC) strategy is not well defined and can be characterized as follows (Note: this information was identified in the recent HIX-IT Logical Structure of Account 4 Whitepaper):
  - Every user in the system will have single sign-on capability in the system. This means that individual and business functions are comingled in accounts.
  - Identify proofing approach is currently unclear. Identity proofing is required to provide assurance of non-repudiation. Identity proofing of some form will be required by the Exchange due to the nature of the environment.
  - Identity proofing is currently at the individual level only. It is unclear how an employer, broker, employee, etc., will be proofed in the system for their specialized role.
  - Internal staff roles in the system are not defined.
  - External roles are intended to be self-administered, i.e., a user can join or revoke other users into and out of their accounts.

Risks:

1. Comingling of individual and business accounts is highly unusual especially in the health insurance field. While it seems like a convenience, it may not be desirable from a user, technical, or security perspective. For example, an individual user may also be a Broker. This person may log into their account at home on their personal computer. If this computer is infected with key logger, user account login information could be compromised. A malicious user would then have access to the Brokers personal account and also their Broker account which potentially compromises other employer accounts the Broker may be attached.
2. Identity proofing can be costly and can have a customer usability impact. If the ID proofing is considered to be too cumbersome by the public it can affect the use of the Exchange by the general public.
3. Additional levels of verification may need to be exercised for different roles in the system, For example, how will a Broker prove they are a legitimate Broker in the system? Not clearly planning, defining and detailing the strategy up front can result in significant delay or work stoppage in the project due to security, usability or technical issues that will continue to pop up in the project without a proper strategy and planning effort.
4. Internal system role definition may alter the expected business workflow of Cover Oregon. Doing this work later in the development or after the system is developed can cause rework and or surprises in staff workflow.
5. External self-administered roles currently known in the industry as Enterprise Dynamic Access Control (EDAC) create additional complexity of the public user experience. These types of architectures are relatively new for public use environments and if deemed too complex and not intuitive for average users, it can result in nonuse of the Exchange by the public.
6. Exchange liability for fraudulent activity due to ineffective identity management and self-administered roles is not fully evaluated. For example, Cover Oregon may be held liable or publicly embarrassed if a person fraudulently became a broker in the system and was found to be attached to a number of large Employer accounts. These types of externally, self-administered implementations are relatively new and fraught with risk for a known marketplace, let alone a marketplace in its infancy.

Recommendations:

- Account comingling: Cover Oregon should find an existence proof of individual and business comingling approach in the health care field prior to implementing this strategy. If precedence is found in the market, Cover Oregon should seek out the entity and be thoroughly briefed by the entity prior to making this decision.

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- Identity proofing: Cover Oregon should understand the requirements from CMS, IRS, etc with regards to what level of ID proofing is required prior to developing the IDM strategy. For more on Federal ID proofing levels please refer to NIST 800-63.
- Identity proofing: Identity proofing techniques are both a Business and a IT decision. Cover Oregon will ultimately need to bear the risk that the selected approach poses (legal and user acceptance). Cover Oregon should take an active role in deciding and vetting the approach with the IRS, State DOJ and potential customers of the Exchange. Again, this is the front door to the Exchange access as should be a balance between business efficiency (customer acceptance) and security.
- Identity Proofing/verification: There may be multiple layers of Identity proofing/verification required. Some users may need to provide proof as an individual only, Broker, and / or employer/employee. Cover Oregon should clearly define the requirements to HIX-IT and expect HIX-IT to create a detailed design document for ID and account management that is vetted with Cover Oregon.
- Internal role definition: Cover Oregon should overlay role requirements on their internal workflow diagrams to ensure these are identified early in the development process. There are a number of engineering articles on methods for diagramming these requirements.
- External Self-Administered Roles: Research should be conducted by Cover Oregon to fully understand what the failure rates of these types of implementations from a usability perspective. An expert should be consulted to guide Cover Oregon of necessary.
- Much greater emphasis should be placed on defining the IDM strategy for Cover Oregon.
- Reviewing analogous IDM and External Enterprise Dynamic Access Control implementations in the market place should be conducted by Cover Oregon. A comprehensive, detailed strategy should be developed and vetted by Cover Oregon and potentially an independent expert in this field.
- (Closed) .
- Where possible, full mock-ups or prototyping of the Identity proofing and external self-administered roles should be made available to the business to determine the usability impact to the customer experience prior to implementation. This determination should use market research and data to fully justify the decisions made.

Attachment B: Detailed Tracking and Reporting (August Finding)

Finding:

- The full scope of the HIX-IT development work is not fully articulated to management at Cover Oregon in a comprehensive manner. The issues are as follows:
  - There are a number of areas that need developed, including:
    - Use cases (general configuration of HIX-IT Components)
    - Interfaces to external IT Systems (approximately 60)
    - User Interface
    - Oracle Policy Automation rule development
    - Security
    - Content Management
    - Data classification and segmentation
    - Rework and refinement
  - Currently the CO Project Management is reporting the state of the 200+ use case work packages as a method of tracking project progress to Cover Oregon Management. While this is important, it only represents a portion of the overall IT development work. For example, current use case iterations being reported on may only comprise 45% of the overall IT work.
  - The current use cases that have been developed in iterations 9 through 12 are reported as "completed". According to the HIX-IT Product Planning document they are still rated as "blue" or incomplete due to the additional items identified above.

Risks:

1. Measuring Exchange Development progress via the number of use cases only will cause incorrect expectation setting and confusion on the part of Cover Oregon over the coming months.
2. Calling use cases "complete" is problematic and may cause incorrect expectation setting and confusion on the part of Cover Oregon.

Recommendations:

- Cover Oregon should work with HIX-IT Program Management to establish a more comprehensive methodology for estimating the level of effort required for the major components of the project.
- The estimating methodology established above should be closely monitored by Cover Oregon to determine its accuracy over the next few months.
- Cover Oregon PM should clearly articulate, via significant development areas and metrics, the IT development work in a manner that clearly represents a more comprehensive view of the project and progress.
- The development areas and metrics identified above should be reported to Cover Oregon's management monthly basis at a minimum.

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Attachment C: Contingency Planning (September Finding)

Findings:

OHA OIS has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA has made and/or is currently making include:

- Assuming the role of prime contractor for the overall state development effort.
- Deploying technology that is largely new to OHA.
- Deploying an integrated enterprise architectural vision that is largely new to OHA.
- Deploying a new software development lifecycle (iterative) that is new to OHA.
- Re-organizing the delivery model (centralized model) for IT projects within OHA.
- Standing up new processes to support this new delivery model.
- Merging the technology and business operations of three organizations (OHA, DHS and CO) and attempting to develop a "no wrong door" approach (see attachment D).

Furthermore, OIS does not have experience in estimating level of effort within the HIX-IT project team or within OIS shared services team using a common estimation methodology. It may take several iterations to sync the methodologies when they are stood up.

A risk was raised by the Oracle development team regarding the use of a single instance of WebCenter for development. Oracle recommended that separate instances be used as the planning and coordination issues are considerable and likely will slow development. It is our understanding that a decision has been made by OIS shared services (no written decision has been made available) to use a single instance.

Application and architecture decisions require Modernization agreement prior to implementation. The projects are on different timelines, have only partially overlapping priorities and have a different sense of urgency. See matrix below for priorities.

	DHS	OHA	CO
Individual Tax Credit	P3	P2	P1
SHOP Tax Credit	NA	NA	P1
MAGI (Medicaid/CHIP) eligibility, shopping and enrollment only	P2	P1	P2
Non-Magi			P3
Other Medical			NA
Non medical	P1	P4	NA

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The OIS and HIX-IT overall governance structure as stated in the Project Charter does not appear to be functioning. This process needs to be clarified, documented and made balanced and transparent for the business, and all development teams going forward.

OIS does not appear to have formal, detailed, documented, functioning, transparent technical governance or data governance committees.

The software applications are expected to be merged for the first time towards the end of the HIX-IT project. This has never been attempted within the OHA development teams to date. The technical components of the merge are known to some degree, but how the organization will approach and deal with "collides" on a business level has never been done in OHA/Cover Oregon.

OHA must produce, sync and baseline a variety of detailed schedules (HIX-IT, Modernization, Security, MDM, Environments, OPA/application business rules, SOA, Webcenter, PeopleSoft, IVR, UI, OBIE and CO) for this project to be successful.

OHA and the HIX-IT project has slipped a number of proposed deadlines to date (see scheduling section). Cover Oregon has a schedule that is highly dependent on the HIX-IT, Modernization, and OIS shared services schedules. And vice versa.

A number of basic project processes are not fully implemented within the OIS project structure (e.g., change control, testing, common estimation methodology, common schedule methodology, common activity diagramming methodology, etc.)

Carrier JADs and UI development work under way at CO are expected to continue until the end of the 2012. These items will probably lengthen the overall delivery timeline.

The current high level CO Timeline and the more detailed MS Project Schedule do not have specific usability testing activities identified.

Risks:

1. With the project deadline less than 1 year away and the lack of a stable and experienced organization, development and delivery teams within OHA as well as the requirements delay within CO, the probability of missing the target date is currently an issue.

Recommendations:

- CO should prepare a number of trigger points over the remaining timeline of the project to ensure that scope is continually sized to meet the target date. For example, on November 5th 2012 OHA OIS is scheduled to deliver a detailed project schedule for the remainder of the HIX-IT project. On this date, CO should have a formal review with the OHA CIO, HIX-IT, shared services project teams and QA to understand in detail the project approach, schedule, dependencies and issues. This information can then be utilized to gauge the progress against

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an internal CO confidence checklist. The objective of this review should be to determine if significant components of scope should be deferred. Each trigger point would have a different checklist depending on where the project is on the timeline. An example of a checklist for Nov 5th could be as follows:

- Can scope be locked?
- What percent of scope is outstanding?
- Are schedules for all of the project areas complete, detailed, synced, and tracked using a common methodology?
- Are all project schedules being developed with a common estimation methodology?
- Are key dependencies identified within the schedules and are they listed for the executive management to review?
- Do the schedules have any slack in them and/or does all the scope fit within the current schedule?
- Do the schedules allow for any refinement once the system is constructed?
- Do the Oracle teams agree with the schedules?
- Have Modernization and CO documented the integration points within the application for "No Wrong Door"?
- Is the data that is to be passed from each application clearly documented?
- Is HP ALM operational?
- Are the test teams on board?
- Is there a functional, technical and data governance structure that is balanced and transparent to CO in place and operational?
- Are notes and decisions from these committees clearly documented for the development teams to build from?
- Etc.

The answers to this checklist can then determine a go/no-go for the current scope. If the decision is a no-go for the current scope, CO should have a list of predefined, prioritized and agreed to scope reduction options that can be employed immediately. Scope reduction options could be looked at from a horizontal (across all CO application components) and then, if need be, from a vertical application perspective. An example of scope reduction options could be as follows:

Scope reduction examples from a horizontal perspective:

- Reduce the complexity of the current architecture.
- Defer the merge and rebaseline of code until after go live.
- Implement separate instances of Oracle components that are dependent on interagency business integration.
- Reduce the dependency on the integration with other programs by deferring the "No Wrong Door" approach.
- Implement UI wireframes using Siebel.
- Etc.

Scope reduction examples from a vertical perspective:

- Defer significant portions of the PeopleSoft components and process the billing manually.
- Defer electronic plan loading from the Carriers.
- Defer online Medicaid eligibility, plan selection and enrollment within the Exchange and process them manually.
- Etc.

Each of these options would be pre-sized so that depending on the amount estimated schedule variance or slack desired by CO an equal amount of scope can be deferred. For example, if the schedule is off by 20% and reducing the complexity of the architecture can save 20% in the schedule then this would be employed because it is prioritized high and equals the needed time savings.

The formality of this process will give CO executive management a clear understanding of the project status and enable them to pull the appropriate levers to make the project successful at a variety points in the upcoming year.

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Attachment D: "No WrongDoor" Cooperation (September Finding)

Findings:

OHA/DHS and CO have a general agreement to create a "no wrong door" approach for eligibility and enrollment for state-sponsored medical programs and commercial insurance. This requires the businesses be aligned from both the operational perspective and the informational technology perspective to create a "to-be", future business state model. This is truly a transformation to the way that health coverage is to be administered across the state. Unfortunately, there is no clear authoritative document that defines the expectations for all the programs, authority/delegated authority, governance and detailed functional roles and responsibilities.

This overall business transformational effort that is being under taken is also not currently being tracked like a formal project. Typically a project of this size would have specific governance reporting, charter, scope, tasks, milestones, deliverables, and deadlines for the interagency work that is to be accomplished both operationally and technically.

For example, technical/architectural decisions are being made that may not fully align with the intent of the CO business model. The situation is aggravated by the lack of clear and comprehensive documentation for interagency cooperation with respect to requirements, process interface points, data passing, data sharing, portal entry and exit points, identity and access management, and document sharing.

Risk:

1. Lack of a clear, detailed, integrated view of "no wrong door" will hamper a smooth implementation of this vision
2. Lack of clear direction, governance, and delegation of authority from the OHA, DHS and CO leadership will result in a missed opportunity to integrate the "no wrong door" approach in time for the October 2013 opening the Exchange.
3. Lack of a formal structure for this interagency business project will result in open ended work that may or may not yield sufficient information in time to be incorporated into the development schedule.
4. Without clear direction/requirements from the businesses, technical decisions will be made that may or may not align to the long term operational plan for the businesses. This may require rework or additional future project to realign the technical decisions being made.
5. Without clear operational agreements, staff will not be efficient in executing required transitional tasks for their programs, e.g., process reengineering, job reclassification, resource plans, inter-program agreements, etc.
6. Without a defined process, project, and governance transparency, QA, development, operations, and executive management in the stakeholder agencies will not be able to monitor the progress of the effort to ensure that it is implemented in a timeframe and manner that fits the

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vision outlined by the Directors of OHA and DHS, the Executive Director of CO for the State of Oregon.

Recommendations:

1. The Executive Directors from OHA and CO should commission the business leaders to draft a charter document for interagency transition project. An example of the makeup of a charter document may include:

1) General vision of all the leaders.
2) Scope, which identifies all the agency programs that are required to participate in the effort.
3) Governance structure that identifies the two Executive Directors of OHA and CO as the sponsors identifies the business executive's steering committee and their responsibilities.
4) Assignment of a project manager and scheduler that will produce a baseline schedule within 15 calendar days of charter implementation.
5) High level deliverables, such as:

a) All relevant agencies submit detailed information to a "no wrong door" operational and technical plan that will identify the "to-be" operational and technical requirements. This document will be required to be delivered to the steering committee no later than 45 calendar days after the project charter is released. This document should include:
   i) Identification of all policy changes for each program with respect to the "no wrong door" initiative.
   ii) Identification of the following information about each on-line application:
      (1) General screening requirements for all programs (Medicaid, QHP, etc).
      (2) Detailed map of how clients will access each program through the on-line portal (client direct, community partner, navigator staff portal, etc).
      (3) Specific data elements that is required for each application when they are passed from another application.
      (4) Identification of a common point of transfer (after screening, after application completion, etc.)
      (5) Identification of a common point of entry from a transfer (at additional screening point, selection of benefit, etc.)
   iii) Identification of the following information about their handling of paper and fax applications, phone/IVR applications:
      (1) Identification of the agency that will handle processing of specific applications/or portions of applications.
      (2) "Warm" handoff of clients that call in and require a transfer to another agency.
      (3) Identification of common staffing of support and customer service centers, if required.
   iv) Identification of any issues, risks, barriers, roadblocks or concerns to implementing the operational and technical plan. Along with any roadblocks, barriers or concerns, the agency should propose a solution or solutions as a remedy.
   v) Recommendations for the content of an integrated transition plan.

6) High-level schedule, including definition of "no wrong door" process flows and detailed requirements.

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Attachment E: (Closed) Architecture Simplification (November Finding)

Findings:

- The current architecture implementation of the ORACLE stack may not suit the operational business needs of Cover Oregon.

Background:

In the September MAXIMUS made the following statement in Attachment C of the Cover Oregon (CO) monthly report.

- Oregon Health Authority (OHA) Office Information Services (OIS) has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA have made and are currently making are as follows:
- Assuming the role of prime contractor for the overall state development effort.
- Deploying technology that is new to OHA.
- Deploying an enterprise architectural vision that is new to OHA.
- Deploying a new software development lifecycle (iterative) that is new to OHA.
- Re-organizing the delivery model (centralized model) for IT projects within OHA.
- Standing up new processes to support this new delivery model.
- Merging the technology and business operations of three organizations (OHA, DHS and Cover Oregon (CO)) and attempting to develop a "no wrong door" approach.

In general, the aggregation of the above items constitutes a very high risk for the Health Insurance Exchange ability to meet its business objectives. Two of these items are borne out of an industry belief of cost savings to an organization, items 3 and 5. This document is intended to further describe these items so that all parties have clarity of the significance of the risk taken by the State.

Definitions:

Separate instance (SI) systems – is a method of implementation where each business unit has a separate and complete technology stack for each business unit.

Global Single Instance (GSI) – is a method of implementation that consolidates common lines of business into a single instance of a technology stack from top to bottom.

Enterprise Integration Architecture (EIA) – is a method of implementation that consolidates common services of a technology stack across similar lines of business and implements separate components for less common processes. For example, security would be a shared

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service among all business units and the CRM module may be separate instances for each of the business units.

The proposed HIX-IT architecture is a hybrid of the GSI and the SI approaches.

General Implementation Characteristics

The Global Single Instance to the Separate Instance implementation approaches have an inverse relationship with respect to efficiency and flexibility. The GSI approach has the highest degree of efficiency with respect to licenses required and staff needed to operate and maintain the system. In the GSI approach the flexibility of the businesses to make changes and release new features is considerably curtailed because multiple business lines need to be consulted and agreement must be made on priorities among those businesses. This prioritization effort is required to utilize shared services resources most efficiently. Conversely, the Single Instance approach has the least efficiency and greatest flexibility.

Item 3: Deploying an enterprise architectural vision that is new to OHA.

Nationally, Health and Human Services organizations have a vision of a "No Wrong Door" approach to delivering benefits to their clients. The approach is borne out of the idea that costs can be reduced and services to clients can be improved at the same time. The "No Wrong Door" approach is also required in the ACA. It is important to note that this vision is not related to the system architecture; it is merely an operational vision. Many different architectural approaches can be deployed to implement the desired "No Wrong Door" vision.

OHA/DHS (OHA) OIS is deploying a combination of ORACLE products that together will make up the Oregon OHA and CO solution. The ORACLE solution is comprised of ORACLE developed products and products merged into Oracle through company acquisitions.

OHA has decided that a Global Single Instance (GSI) Architecture approach is the desired strategy for OHA. The GSI architecture implementation is defined by have a single instance for each ORACLE Component servicing all business entities (Modernization and CO) using the system. This decision was made prior to the establishment of the Health Insurance Exchange business. The IT industry, especially ORACLE, believes that this implementation has significant cost savings via reducing the amount of licenses and support staff required to deliver the solution to the businesses.

This architecture approach is typically an evolutionary approach of organizations that currently have separate instance CRM and ERP systems for each business unit. Gartner suggests, "This is the approach (single instance) that should be considered in the integrated organization where there is a high degree of dependence and commerce among units". The degree of integration, dependency and commerce between OHA and CO is primarily in the Medicaid arena. The commonality of the DHS/OHA and CO organizations is currently estimated to be 10% of total system Exchange volume.

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A GSI implementation architecture is typically promoted for organizations that have existing separate instances as a way to save costs and improve efficiency for common business units. For example, a manufacturing company with multiple instance architecture (separate ERP or CRM systems) for existing business lines, will evolve to a single instance architecture when they have mature, common business units, that have common businesses processes.

Separate instance systems are often moved to a single instance over a significant period of time and in a serial process using simple pilot projects. This is due to significant business process reengineering and technical challenges and complexities involved in this effort.

OHA and CO business characteristics are different then what is mentioned above in a number of ways:

- OHA and CO are separate government organizations with different business missions and goals.
- CO is a public corporation and is governed by different rules and regulations then OHA.
- OHA and DHS do not currently have common processes and governance structures.
- CO is a newly formed entity with untested Greenfield processes.
- CO and OHA have different business timelines.

OIS has also decided to implement Modernization and the Health Insurance Exchange into a single instance in a "big bang" style, i.e., OIS intends to launch the both applications simultaneously. The selection of implementation approach is a strategic decision that should be made with executive business management understanding what the technical, development, operational and maintainability risks and impacts are to the business. Forrester Research says, "that business process and applications professionals face a variety of challenges in defining the single instance and identifying an apt consolidation model and hence companies should adopt a cautious, phased consolidation strategy".

Item 5: Re-organizing the delivery model (centralized shared services model) for IT projects within OHA.

Traditionally the development of a shared-service organization (SSO) or shared-service center (SSC) within an organization is an attempt to reduce costs and standardized processes through economies of scale and centralization. A Global Service Center Benchmark study carried out by the Shared Services & Outsourcing Network (SSON) and the Hackett Group, which surveyed more than 250 companies, found that only about a third of all participants were able to generate cost savings of 20% or greater from their SSO.

Risks:

Item 3: Deploying an enterprise architectural vision that is new to OHA.

1.) The reason for adopting the GSI architecture by OIS is primarily cost savings in licensing, operations and maintenance. However, there is no formal cost benefit analysis or return on investment models in the business case to back these assertions nor are we aware that they exist elsewhere. Without a quantifiable cost benefit analysis (CBA) or minimally a "before" and

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"after" analysis of the costs under both scenarios, there is insufficient data to determine that that one approach is more cost effective then the other. The lack of mature inter-agency processes and/or inter-agency planning in the following areas would seriously affect the CBA or ROI of such a business case:

- There was limited significant business process analysis and pre-planning,
- Lack of a clearly defined inter-agency "No Wrong Door" analysis. This is fundamentally the identification of a comprehensive new service delivery model.
- Lack of a common or functional governance processes,
- Limited overlap among inter-agency processes,
- Dissimilar priorities and goals among independent state agencies,
- Lack of state staff with appropriate skill sets resulting in a heavy reliance on highly paid consultants from all over the nation.

Individually, or in aggregate, these items could easily erode any expected cost savings for years to come.

2.) In addition to the above ROI/CBA factors, a Single Instance architecture approach also has a significant overhead or tax with regards to business operations that is not clearly articulated to the participating business entities. Each time a new business line is added or there is a change to the existing business processes, the Single Instance approach requires a feasibility analysis and/or a merge of the new code with the existing production code. The analysis and/or merge process looks for technical differences between the new and the production code. These technical differences often equate to differences in business operations. These differences or "collides" require the business units to resolve their operational differences prior to launch. Once the code is merged and launched, all of the existing businesses within the Single Instance receive a new release of code.

This process poses challenges in change management, downtime for patching and maintenance, upgradability and it increases the regression testing effort significantly. Legislative rule changes in healthcare or Medicaid over the next couple of years may result in a single business line significantly disrupting other lines of businesses each time changes or new rules are enacted.

Item 5: Re-organizing the delivery model (centralized shared services model) for IT projects within OHA.

3.) OIS also uses cost reduction and standardization as their justification to implement shared services organization. Again, there is no cost benefit analysis or return on investment models in the business case to back these assertions. Without a quantifiable model or a "before" and "after" analysis of the costs under both scenarios, it is dubious to believe that one approach is more cost effective then the other. For example, the following items would seriously affect the CBA or ROI of such a business case:

- no detailed strategy by OIS to move the organization to this delivery model.
- not documenting OIS IT processes and work streams pre-implementation,

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- not focusing sufficiently on the transition period,
- not having a robust operational transition plan clarifying employee resources,
- lack of state staff resulting in an over reliance on a significant amount of highly paid consultants from all over the nation.
- not having a risk management or monitoring process in place prior to implementation,
- no proven functional or technical governance processes.

Individually, or in aggregate, these items could easily erode any expected cost savings for years to come.

Recommendation:

1.) Implementing a new Global Single Instance Architecture and a Shared Services organization requires significant inter-agency process reengineering and a major overhaul of the OIS IT department to occur simultaneously. The simultaneous execution of these initiatives introduces a compounding effect with regards to risk. Some short term risk mitigation has occurred, for example, additional ORACLE staff is being imported from around the nation to add expertise in the executive management, PMO, project management, scheduling and development areas of the organization.

In figure 1 below, a simple implementation analysis was mapped against perceived risks based on the large initiatives set in motion by OIS. This analysis shows the three implementation approaches discussed in this document and the technology characteristics relative to the business requirements and needs that can be expected from each of the approaches.

This simple analysis concludes that the EIA implementation approach may aid in reducing risk for the projects and potentially support a more flexible business environment for Cover Oregon in the foreseeable future. This risk mitigation approach of moving to an EIA implementation will potentially require an increase in upfront and O&M costs by CO.

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Figure 1.

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Attachment F: Risk Analysis for Security Implementation (Jan 2013 Finding)

Finding:

A formal security risk assessment has not been conducted on the following items:

- Individual authentication and ID proofing process
- Employer authentication and ID proofing process
- Medicaid authentication and ID proofing process.
- Co-mingling of business and user functions within the same user account.

The standard approach to implementing security controls is to utilize best practices as a guideline. Typically NIST 800 series documents are considered best practice guidelines and should be utilized in conjunction with other vendor best practices if available. Typically vendor best practices also rely on the NIST and other federal and industry documents and provide additional details as to how to implement specific products. The NIST documents typically will use the term guideline in their titles and will often link to other federal documents that are to be considered prior to the reading of the current document. The Office of Management and Budget (OMB) will issue circulars, bulletins and memorandums as guidance to Federal, State and Local governments.

In this area of e-authentication NIST 800-63 'Electronic Authentication Guideline' references the 5 step process from the OMB M 04-04 'E-Authentication Guidance for Federal Agencies'. Page 1 states the following:

"OMB guidance outlines a 5-step process by which agencies should meet their e-authentication assurance requirements:

1. Conduct a risk assessment of the government system.
2. Map identified risks to the appropriate assurance level.
3. Select technology based on e-authentication technical guidance.
4. Validate that the implemented system has met the required assurance level.
5. Periodically reassess the information system to determine technology refresh requirements.

This document (NIST 800-63) provides guidelines for implementing the third step of the above process. After completing a risk assessment and mapping the identified risks to the required assurance level, agencies can select appropriate technology that, at a minimum, meets the technical requirements for the required level of assurance. "

Steps 1 and 2 of the 5 step process above are addressed by the OMB 04-04 document. On page 1 of the OMB M 04-04 document it states, 'This document will assist agencies in

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determining their e-government authentication needs. Agency business-process owners bear the primary responsibility to identify assurance levels and strategies for providing them. This responsibility extends to electronic authentication systems." This document also states in section 4.4 "It is also important to match the required level of assurance against the cost and burden of the business, policy, and technical requirements of the chosen solution."

The HIPAA security rule, IRS 1075, NIST 800-63 and OMB 4-4 all recommend a risk analysis as a key part of the process for designing security controls for a government agency.

In general, a good risk analysis not only includes the probability of threats and vulnerabilities from the security perspective, it also includes the burden (cost, complexity and usability) to the business of implementing the recommended security control. It must do this because some security controls may be too costly or too complex for the agency or the public for which they serve.

Risk:

- Enrollment rates and brand perception can be affected by an exchange user experience that is considered too complex or difficult.
- Without a proper risk analysis by a skilled security professional (inclusive of business risks) OHA and CO will be at odds as to what are the technical risks are and how they are balanced against the business requirements.
- The business and technical side, given deadline pressure, will indicate that it is too late for a proper risk analysis and that the project must accept where it is and move forward anyway. This may be true, however, this issue will plague the business for years to come either by reduced online enrollees or by being compromised by malicious actors.
- Both sides (technical and business) will state that it is too late to conduct the risk analysis. This may be true for the April 30th deadline, however, if the initial system proves to be too cumbersome to navigate during usability testing or to easy to compromise, a system retool may be necessary prior to Oct 1 launch. Without a proper risk analysis the retool runs the risk reopening the debate between technical and business groups and/or of moving the system to the other extreme.
- Without a balanced risk analysis the system design at launch will be dictated by the loudest voices, fear, uncertainty and doubt arguments from both sides of the issue. Typically the technical groups will err on the side of too much security and the business will err on the side of too little security. Both conditions are problematic.
- Without a firm foundation on the true technical risks the security and business groups will be at odds with each other and with CMS and IRS in the future. Lack of foundational analysis will set the stage for a constant rehash of the issues.
- The State of Oregon was given an "Early Innovator Grant" with the understanding that new ground will be broken in many areas. The Federal government expects to be challenged and also to learn from the experiences of the innovator States. These experiences help to shape policy, best practices or federal guidance. The security

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issues above are very good examples of a new area that will benefit from thoughtful analysis that can be shared with the Federal government and other states going forward.

Recommendation:

- Request a formal report from the Federal entities on their risk analysis that supports any position they may currently have. Have this report reviewed by an outside security firm that is skilled in balancing security and usability for government and ecommerce systems.
- Hire a national security firm to conduct research and a security risk analysis that is limited to the scope of the items identified in the findings above. This analysis can then be used to adjust the system security controls prior to, or after the launch if required.
- Release the research and security risk analysis results to CMS and other states as a model of how to balance security and usability for Health Insurance Exchanges going forward.

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JOHN A. KITZHABER, MD
GOVERNOR

May 15, 2014

The Honorable Darrell Issa
Chairman
Committee on Oversight and Government Reform
2157 Rayburn HOB
Washington, DC 20515-6143

The Honorable Jim Jordan
Chairman
Subcommittee on Economic Growth,
Job Creation, and Regulatory Affairs
2157 Rayburn HOB
Washington, DC 20515-6143

The Honorable James Lankford
Chairman
Subcommittee on Energy Policy, Health Care
and Entitlements
2157 Rayburn HOB
Washington, DC 20515-6143

Attn: [redacted]

Dear Chairmen Issa, Jordan, and Lankford:

On behalf of the State of Oregon and Cover Oregon, I am submitting responses to the supplemental questions from Chairmen Jordan and Lankford dated April 21, 2014. Thank you for the extension until May 15, 2014 to submit our responses. These answers were prepared to the best of our knowledge in a good faith effort to respond to all of your questions, but we nevertheless reserve the right to supplement this response with any information that should become available subsequent to this submission.

1. To date, how much money has the state received in establishment grants to set up a health insurance exchange?

In total, Oregon has received $305.1 million to develop the health insurance exchange. Cover Oregon has received three establishment grants for a total of $244.2 million. Oregon Health Authority (OHA) has received three establishment grants for a total of $60.9 million.

   a. Outside of federal exchange establishment grants, did your state receive any additional federal funds for the development of the exchange and related systems? If so, how much?

Cover Oregon has not received any additional federal funds outside of the federal exchange establishment grants. The Oregon Department of Human Services (DHS) Modernization and the Health Insurance Exchange projects relied upon a shared architecture and technology platform.

Outside of the federal exchange establishment grants, a total of approximately $58.7 million in federal funds were provided by Medicaid, CHIP, and SNAP for the exchange and related systems.

b. How many federal dollars were spent to date on the development of your state's exchange and its related IT systems?

As of April 2014, Cover Oregon has spent a total of $195 million, of which $122.9 million (63%) was related to IT systems, plus $11.6 million for hardware. OHA has spent $119.7 million in federal funds for the development of the state's exchange and related IT systems. This includes the amount that OHA received in exchange grants plus the 11-13 federal funds received outside of the exchange grants.

c. How much has the exchange obligated to spend, but has not yet been spent on exchange development?

Under the leadership of new executives, Alex Pettit as Acting Chief Information Officer and Clyde Hamstreet as Interim Executive Director, Cover Oregon has reduced its technology and other contracts to the minimum necessary to meet is its obligations to its 2014 enrollees, its insurance agents, and its insurance carriers, and to transition to the federal technology for 2015 enrollment.

It is estimated that the remaining obligations to support the system through December 2014 is $28 million. Each of Cover Oregon's professional service contracts has a 30-day termination notice provision. If the contracts were canceled immediately, the cost of termination is estimated to be $22 million; however, the actual cost with potential claims and counter claims cannot be realistically known without significant legal and business investigation. Additionally, Oracle is asserting that there is approximately $25.6 million of unbilled services that have been previously delivered, but not yet paid by Cover Oregon.

d. Have exchange employees discussed requesting additional federal funds for the exchange? If so, how much and for what purpose?

No formal request has been made.

2. Please provide the list of all contracts awarded to develop the exchange and its related systems, including the following information for each contract:

Please see **Attachments 1 and 2** for spreadsheets listing Cover Oregon and Oregon Health Authority contracts for answers to Questions 2a-f.

a. When was the contract awarded?

b. What was the ceiling value of the contract and how much did the vendors receive to date?

c. Was the contract competitively bid or sole sourced?

d. What was the type of contract, e.g., fixed-price, T&M, cost-reimbursement?

e. Who is the responsible official for overseeing the contract?

f. How many contract modifications were made from the start of the contract?

Under the contract terms and conditions, who is financially responsible for fixing problems with the system?

The standard terms and conditions in Cover Oregon contracts provide that each contractor is financially responsible for any failure to deliver or perform the contracted services. The specific language includes:

> If Contractor commits any material breach or default of any covenant, warranty, obligation or agreement under this Contract, which may include failure to perform the Work under this Contract within the time specified herein or any extension thereof, or failure to pursue the Work as to endanger Contractor's performance under this Contract in accordance with its terms, and if such breach, default or failure is not cured within 14 calendar days after receipt of Cover Oregon's written notice, the Contractor shall be in breach of the contract. Remedies for contract breach include: withholding all monies due for Work and Deliverables that Contractor has failed to deliver within any firm performance dates agreed to by the parties in writing or has not performed in accordance with the terms of approval outlined in this Contract in all material respects; or initiation of an action or proceeding for damages, specific performance, or declaratory or injunctive relief; or setoff against payments due Contractor under this contract.

With respect to the contracts with the State's primary development contractor Oracle, see the warranty and repair provisions in the Dell Price Agreement §§ 3.8, 3.8.3, Amendment #1 to the Dell Price Agreement, the Mythics License and Services Agreement §E, the Oracle License and Services Agreements §E, and the On Demand Ordering Document No. US-14786492-OD-04-MAR-2013 §§9-10. Please see **Attachment 3** for relevant excerpts of the warranty and repair provisions. Full copies of the contract documents are available upon request.

3. Does the exchange plan to continue with the current contractors or terminate and replace with more capable vendors? If the exchange decides to award new contracts, will all new contracts be awarded through competitive bids?

Cover Oregon is reviewing all IT contracts to determine what contracts are needed to transition to the federal exchange technology. Cover Oregon is planning to end its contract with Oracle as of May 28, 2014, though Cover Oregon has requested to extend Oracle's contract into June 2014 to ensure a smooth transition of the current system to OHA.

On May 8, 2014 a 45-day contract with Deloitte was executed to conduct a Gap Assessment/Requirements Analysis for transitioning the private insurance enrollments to the federal technology and leveraging current technology for Medicaid eligibility and enrollment.

Moving forward, Cover Oregon will award deliverable-based IT contracts on a project-by-project basis. Generally, for contracts with an award amount of more than $100,000 that are federally funded and do not fall into a sole source exemption, contract awards should be conducted through a competitive bid process.

4. Did the state or the exchange issue any contract modifications after September 1, 2013? If so, what was the reason for these modifications?

Please see **Attachments 1 and 2** for answer to Question 4.

5. In total, how many additional funds will be needed to fix problems with the exchange and its related systems? If you combine these with the money already paid under those contracts, how does that compare with your original government cost estimate?

At this time the State does not plan on requesting additional federal grant dollars for development of the exchange. The Cover Oregon Board of Directors has decided to stop further development on the current state website for private health insurance. Instead, beginning with the November 2014 open enrollment period, Cover Oregon will use the federal exchange technology to enroll people in private plans. The estimated cost to fix the current system would have been $78 million. It is estimated it will cost $4-6 million to transfer to the federal technology starting in mid-November. As of April 30, 2014, Cover Oregon has spent $122.9 million to develop the IT system, and the original estimate was $84.4 million through April 30, 2014. Cover Oregon continues to pay its main development vendor to stabilize and operate the system to allow for a smooth transition to the federal exchange.

6. To date, how much has the state or the exchange spent on advertisements publicizing the law and/or the exchange? Did the state or the exchange use federal or state funds?

As of April 2014, Cover Oregon has spent approximately $13.7 million to an advertising agency vendor, all of which came from federal grant funds. The work conducted by this vendor included advertising, outreach, and public relations support.

7. After September 31, 2013, approximately how much has been paid in bonuses to exchange employees?

After September 30, 2013, Cover Oregon has paid no bonuses to any employees. There were a number of employees that were required to work on holidays that were paid additional pay pursuant to general standard practice.

8. What are the estimated operational costs for the exchange in the years 2014, 2015, and 2016?

In February 2014, Cover Oregon presented budget information to its Board which reflected the following estimates:

- 2014 remaining grant budget: $90,505,385
- 2015 budget: $50,017,502 (estimated)

- 2016 budget: $50,947,220 (estimated)

On April 25, 2014 the Cover Oregon Board of Directors decided to use the federal exchange technology for private insurance enrollments, which will change financial projections for 2015 and beyond.

a. What revenue sources will the state utilize to finance the exchange in these years? What is the expected revenue?

Previously, Cover Oregon was planning for self-sufficiency beginning in 2015. Oregon Senate Bill 99 (2011) identifies how Cover Oregon would be funded in 2015 and subsequent years. Please see **Attachment 4** for a copy of SB 99.

Information presented to Cover Oregon's Board in February 2014 reflected federal grant sources to fund 2014 operations for a total of $90.5 million (the remaining grant budget). In 2014, Cover Oregon plans to charge an assessment on participating carriers (for qualified health and dental plans) and an assessment on state programs (for Medicaid redeterminations) to establish a reserve for 2015 self-sufficiency. Accumulated carrier assessments in 2014 were estimated at $8.5 million and $15.3 million for state programs; however, Cover Oregon recognizes such revenue estimated may vary from actual assessments—based upon actual enrollments and Medicaid determinations.

On April 25, 2014 the Cover Oregon Board of Directors decided to use the federal exchange technology for private insurance enrollments, which will change financial projections for 2015 and beyond. Cover Oregon is in discussions with CMS to determine funding arrangements. A new business plan is in development in consultation with CMS but it will not be ready by the due date for this request.

b. How will the state address any deficits in the exchange's budget?

Previously, the purpose of the reserve funds was to offset any budget deficits that may occur in 2015 and beyond. On April 25, 2014 the Cover Oregon Board of Directors decided to use the federal exchange technology for private insurance enrollments, which will change financial projections for 2015 and subsequent years.

c. Will the state seek any federal money to help finance the exchange's operations?

On April 25, 2014 the Cover Oregon Board of Directors decided to use the federal exchange technology for private insurance enrollments, which will change financial projections for 2015 and subsequent years.

9. Who was the state's primary point of contact at CMS?

With respect to Cover Oregon, Amanda Cowley, Director of the State Exchanges Group at CCIIO, was the primary contact until she resigned in December of 2013, followed by Terence Kane, State Officer at CCIIO until May 2014. Myisha Gatson is Cover Oregon's current primary point of contact at CCIIO.

With respect to OHA, Terence Kane (and predecessor Leslie Shah), State Officer at CCIIO, is currently OHA's primary point of contract. Yolande Calhoun is the technical state officer assigned to Oregon to partner with Mr. Kane as primary contact. OHA has also had contact with Amanda Cowley and Patricia Boozang, a contractor for CMS who helped facilitate the various communications. The CMS Medicaid primary point of contact is David Koppel.

a. Did CMS play a role in overseeing the use of federal funds in developing your exchange? What was the role?

With respect to Cover Oregon, on multiple occasions, CMS conducted on-site visits to Cover Oregon, and numerous conversations, emails, and phone calls have occurred regarding budgets, operations, and IT development. CMS also conducted a review with Cover Oregon regarding its annual A-133 audit.

With respect to OHA, CMS's role in overseeing the use of federal funds included approval of the IAPD and also the IAPDU (June 2012 approval); quarterly System Development Lifecycle reviews (aka Gate Reviews); receipt of monthly high level budget to actual status reports also quarterly reports; and controlled releases of additional grant funds based on budget information supplied from OHA to CMS.

b. How did the state ensure the exchange IT build would be completed on schedule?

Cover Oregon's contract with its main development vendor Oracle expressly stated the production work required prior to October 1, 2013 to meet Cover Oregon's requirements to launch the website and the post production support required after October 1, 2013. Prior to Cover Oregon signing the contract in March 2013, the vendor assured Cover Oregon that the development plan and schedule would be met and the launch date would be achieved. Further, the Level of Effort estimates prepared by the main development vendor, upon which the contract was based, reflected that the website would be delivered prior to October 1, 2013.

The main developer vendor also provided demonstrations for federal gate reviews and to the Cover Oregon Board to demonstrate its progress. Up until mid-September 2013, the main development vendor continued to assure Cover Oregon of a timely completion and launch of the exchange, including during weekly status meetings.

10. Did the state conduct independent assessments on exchange readiness?

Yes. The State's contractor Maximus conducted Independent Validation & Verification (IV&V) assessments on a monthly basis before October 1, 2013. Copies of the Maximus reports have previously been provided to the Committee.

a. Who conducted the reports and when where they issued?

See above.

a. Who were the recipients of these readiness reports?

The Cover Oregon executive team received the Maximus reports.

11. When did the state first learn that the exchange build was behind schedule?

a. When did you first realize that your website would not be operational on October 1st?

In January 2014, the State contracted with First Data to provide an independent review of the development and other issues related to the exchange. First Data issued its report in March 2014. Please see **Attachment 5** for a copy of the First Data report. While the State is still assessing the report's findings, the report does provide an analysis of issues related to the schedule [see **Attachment 5**, pages 37-38 and 57-68]. In summary, the report indicates that "[a]lthough there are numerous sources of documented communication regarding project status, scope issues, and concerns about system readiness, there does not appear to be a formal acceptance by the Cover Oregon leadership of issues significant enough to affect the success of the October 1 launch until August 2013. Even once the acceptance of those issues began in August, the delay in the system rollout was expected to be minimal. It was not until late October or November 2013 that the full extent of the delay was realized" [see **Attachment 5**, page 57].

b. When did you inform the federal government of your exchange's problems? Who did you inform?

In August 2013, Cover Oregon reported to CMS that some features of the website would be unavailable on October 1, 2013 and that it would be doing a soft launch. See, e.g., Oregon State Feedback Report Aug. 23, 2013 and Oregon State Feedback Report September 6, 2013, copies of which are attached to this report as **Attachments 6 and 7.** On August 8, 2013 Cover Oregon had a phone conference with CMS prior to the Cover Oregon Board meeting that day to notify CMS that Cover Oregon planned to announce that it anticipated only a soft launch on October 1. In addition, at the September 18 CMS Review, Cover Oregon discussed that on October 1, the public would be allowed access to the anonymous browse feature on the website, but would not be able to enroll and that community partners and agents would be allowed access to enroll clients.

12. Who was the central individual responsible for the exchange's development?

The main development vendor provided a Project Management Office and Chief Technical Officer responsible for the exchange's development. In addition, the project had a governance structure comparable to other large projects of its size--including an Executive Steering Committee, a Tactical Steering Committee, state and federal oversight bodies, and an independent quality assurance vendor; however, one theme highlighted by the First Data report was that the project lacked a single point of authority [see **Attachment 5**, pages 7-21].

a. Who decided whether to authorize the exchange to launch on October 1st?

The decision of whether to launch on October 1, 2013 rested with Rocky King, the Executive Director of Cover Oregon.

b. What was the date in which day one specifications were finalized?

In August 2013, Cover Oregon announced that the site would launch first to community partners and agents, and that they would be able to enroll individuals and small businesses. On October 1, Cover Oregon launched parts of the exchange related to community partners and agents. Please see **Attachments 8 and 9** for press releases that indicate what Cover Oregon had originally intended to launch and what actually launched on October 1.

c. Who made the final decision what features would launch on October 1st?

The decision of what to launch on October 1, 2013 rested with Rocky King, the Executive Director of Cover Oregon.

13. To date, what has the state done to identify the causes of the exchange's failure on October 1st? To date, who has been held accountable for the failures experienced on October 1st? How were they held accountable?

While Cover Oregon and OHA stabilize and transition the exchange, Oregon has a standstill agreement with its main development vendor. Oregon has retained outside counsel to review the relationship with this vendor.

In January 2014, the State contracted with First Data to provide an independent review of the development and other issues related to the exchange. First Data issued its report in March 2014. See **Attachment 5**. While the State is still assessing the report's findings, the report does provide an analysis of issues related to oversight and governance accountability; decision making; scope management; and other issues related to the exchange's inability to completely launch on October 1.

There are a number of new executives who have been brought into Cover Oregon to offer their areas of expertise including retaining Clyde Hamstreet and Hamstreet & Associates to provide financial, advisory, and restructuring services to Cover Oregon; Alex Pettit, State of Oregon Chief Information Officer, to serve as interim CIO for Cover Oregon; and Tina Edlund, Director of OHA, and Sarah Miller, State of Oregon Deputy Chief Operating Officer, to lead the transfer QHPs to the federal technology and leverage current technology for Medicaid enrollments at OHA.

14. To date, how many people enrolled in private plans on your state exchange?

To date, there have been approximately 383,000 enrollments through Cover Oregon and the Oregon Health Authority. About 75,000 commercial enrollments and 193,000 Medicaid enrollments came through Cover Oregon. The rest of the Medicaid enrollments came directly through the Oregon Health Authority.

15. To date, how many of those enrollees have paid their first months' premium?

Cover Oregon does not yet have reliable data on how many enrollees have paid their first month's premium.

16. To date, how many of those enrollees had previously been insured?

Cover Oregon does not ask applicants this question on their application so we do not collect this data.

17. How many individuals were hired to process paper applications because the website did not work? How much did this cost? Was it paid for by federal or state funds?

Cover Oregon and OHA staff and temporary staff continue to provide services for 2014 enrollment efforts. OHA employed 209 temporary employees to help process paper applications, which equaled $7,004,092 in expenditures through April 30, 2014. OHA estimates this to be approximately $4.06 million in federal funds and $2.94 million in state funds. Temporary staff were also hired by Cover Oregon. As of April 30, the total spent by Cover Oregon was $2.9 million, and included 126 temporary staff.

18. What percentage of the originally planned features of the system was expected to be functional on October 1st?

Prior to May 2013, Cover Oregon expected 100% of its planned features to be functional October 1, 2013. Although the plan was to launch the website so that individuals and small business owners could enroll on their own in one sitting beginning in May 2013, Cover Oregon, in conjunction with its main development vendor, began to analyze a reduction of scope for the exchange to ensure the October 1, 2013 launch. In July 2013, Cover Oregon, in conjunction with its main development vendor, decided to reduce scope. In August 2013, Cover Oregon announced that the site would launch first to community partners and agents, and who would be able to enroll individuals and small businesses. See **Attachments 8 and 9** for press releases that indicated what Cover Oregon had originally intended to launch and what actually launched on October 1.

a. What percentage of the originally planned features of the system was actually functional on October 1st?

Community partners and agents could start an application in the system for consumers. See **Attachments 8 and 9** for press releases that indicate what Cover Oregon had originally intended to launch and what actually launched on October 1.

b. What percentage of the originally planned features of the system is functioning currently?

Community partners and agents can submit applications on behalf of consumers and enroll those consumers from start to finish. Individual consumers cannot enroll on their own. Development of the small business program is on hold.

c. What functions remain to be built?

As of April 25, 2014, the Cover Oregon Board of Directors decided to stop further development on the current state website for private health insurance. Instead, beginning with the November 2014 open enrollment period, Cover Oregon will use the federal exchange technology to sign people up for private plans. In addition the small business program has not been built yet and the alternatives for providing SHOP are currently being discussed. Although functions such as individual enrollment and eligibility have been built, the functionality has not yet been fully optimized for public use.

19. Prior to October 1st, 2013, did the exchange reduce or postpone any planned features for the October 1st launch? Which features were descoped? When did they get descoped? How was the public made aware of these changes?

In January 2014, the State contracted with First Data to provide an independent review of the development and other issues related to the exchange. First Data issued its report in March 2014. See **Attachment 5**. While the State is still assessing the report's findings, the report does provide an analysis of issues related to the project scope [see **Attachment 5**, pages 44-54].

During the timeframe beginning in July 2013, adjustments to the launch strategy were made by Cover Oregon following a progressive sequence of limiting the functions that would go live. A broad overview of features descoped includes:

- May 2013 – Cover Oregon, in conjunction with its main development vendor, began analyzing scope reduction.
- July 2013 – Cover Oregon, in conjunction with its main development vendor, decided to reduce scope.
- August 2013 – Cover Oregon announced it would execute a "soft launch," the user audience limited to agents and community partners.
- Late September 2013 – SHOP release put on hold.
- Late September 2013 – Initial rollout limited to the first 5-6 pages of the application.
- November 2013 – No individual portal launch.

See **Attachments 8 and 9** for press releases that indicate what Cover Oregon had originally intended to launch and what actually launched on October 1.

20. Who is the program manager for the exchange? Does the program manager possess technical expertise in systems development? What is his/her expertise? (If there are multiple program managers, please list all the relevant names and titles.)

There was no one person who held the title of program manager for the exchange. For an organizational chart of the exchange's management, see the First Data report, **Attachment 5**, page 20. If the Committee has specific questions about particular positions within the exchange or the people who held those positions, the State is happy to provide additional information.

21. At any point, did the exchange become aware of concerns that the exchange employees overseeing the project may not have the adequate technical skills to oversee the development? If so, what did the exchange do to address these concerns?

In January 2014, the State contracted with First Data to provide an independent review of the development and other issues related to the exchange. First Data issued its report in March 2014. See **Attachment 5**. While the State is still assessing the report's findings, the report does provide an analysis of issues related to project staff and oversight.

22. At any point, did the exchange become aware of concerns that the contractors on the project may not have the adequate technical skills to build the system? If so, what did the exchange do to address these concerns?

In January 2014, the State contracted with First Data to provide an independent review of the development and other issues related to the exchange. First Data issued its report in March 2014. See **Attachment 5**. While the State is still assessing the report's findings, the report does provide an analysis of issues related to the exchange's main development vendor. The First Data Report also cites Maximus QA reports and a Siebel Assessment Report prepared by Cover Oregon which raises concerns about the exchange's main development vendor [see **Attachment 5**, pages 37-38 & 59].

CMS provided a technical assistance report dated February 27, 2014, which also discusses issues related to the exchange's main development vendor. Please see **Attachment 10** for a copy of the CMS technical assistance report.

Cover Oregon and the State have retained outside counsel who is working with the Oregon Department of Justice to review liability issues related to the exchange. We are not in a position to answer this question more fully in light of the need to preserve attorney client privilege.

23. According to documents reviewed by the Committee, it appears that the Oregon exchange did not conduct an independent security assessment of their system prior to receiving an Authority to Connect from CMS. Why did the state not conduct an independent security assessment of their system? Does the state plan to conduct an independent assessment of their exchange system? If so, when?

Cover Oregon met all federally required security protocols and reported them appropriately. Cover Oregon performed a significant portion of the independent assessment due to CMS on March 31, 2014 prior to that date and provided that information to CMS on September 12, 2013. Cover Oregon has never received a federal "high risk" security assessment.

Specific requirements included:

- **CMS-required System Security Plan** – The final plan was due prior to getting authority to connect (ATC) to the federal hub. Cover Oregon submitted the final SSP to CMS on September 10, 2013. Authority to Connect was granted on September 27, 2013. Please see **Attachment 11** for a copy of the CMS approval.

- **IRS-required Security Procedures Report** – The final report was due prior to getting authority to connect to the federal hub from IRS to access federal tax information. Cover Oregon submitted it to IRS on September 10, 2013. Approval from the IRS was granted on September 20, 2013. Please see **Attachment 12** for a copy of the IRS approval.

- **Independent Security Assessment Report** – Due on March 31, 2014. Maximus was the vendor for this. This assessment report was partially completed by Maximus on September 12, 2013 before connecting to the federal hub and was fully completed by March 31, 2014 and submitted to CMS on March 31, 2014. The partial assessment focused primarily around the protections for federal tax information, which is the most sensitive data held in the exchange and showed that Cover Oregon had necessary and appropriate protections in place for secured information.

24. In the November 2012 Cover Oregon monthly status report, a year before the site was supposed to launch, Cover Oregon acknowledged the "[f]inal deadline of 10/1/2013 continues to be of high concern." What action was taken to address this "high concern?"

Over the course of the next year, steps were taken to address concerns about the progress of the IT build, including the addition of new staff and contractors with specific expertise, descoping of the project, and a phased launch plan.

25. A review of the Oregon exchange conducted by MITRE found there was "no overarching dedicated Project Manager who should be responsible for overseeing the project to drive overall project activities and keep everyone on track with targeted deliverables." When did the state and exchange employees become aware of concerns that the project lacked "an overarching dedicated Project Manager who should be responsible for overseeing the project?" What actions have been taken to fix these problems?

In December 2013, when the main development vendor was unable to repair the website, Cover Oregon stopped payment to that vendor. The Governor also brought the director of OHA, Bruce Goldberg, to be the acting director of Cover Oregon after the Cover Oregon director, Rocky King took medical leave and ultimately resigned.

Since that time, there are a number of new executives who have been brought into Cover Oregon to offer their areas of expertise including retaining Clyde Hamstreet and Hamstreet & Associates to provide financial, advisory, and restructuring services to Cover Oregon; Alex Pettit, State of Oregon Chief Information Officer, to serve as interim CIO for Cover Oregon; and Tina Edlund, Director of OHA, and Sarah Miller, State of Oregon Deputy Chief Operating Officer, to lead the transfer QHPs to the federal technology and leverage current technology for Medicaid enrollments at OHA.

In January 2014, the State contracted with First Data to provide an independent review of the development and other issues related to the exchange. First Data issued its report in March 2014. See **Attachment 5**. While the State is still assessing the report's findings, the report does

provide an analysis of issues related to oversight of the project and identified the theme that the project lacked a single point of authority. See response to Question 12 above.

Moving forward, on April 25, 2014, the Cover Oregon Board of Directors decided to stop further development on the current state website for private health insurance. Instead, beginning with the November 2014 open enrollment period, Cover Oregon will use the federal exchange technology to sign people up for private plans. In addition the small business program has not been built yet and plans to build this are currently being discussed.

See response to Question 13 above for more information on actions that have been taken.

26. MITRE also noted "system environments are not stable and are affecting testing, development and activities." When did state employees become aware that "system environments were not stable?" What actions have been taken to fix these problems? How is the state able to adequately test the security of the system when its environments are not stable?

State employees became aware that the production environment was not stable during a late September 2013 demonstration by Cover Oregon's main development vendor just prior to launch. Despite continued work, Cover Oregon's main development vendor was never able to stabilize the production environment. As of April 25, 2014, the Cover Oregon Board of Directors decided to stop further development on the current state website for private health insurance. Instead, beginning with the November 2014 open enrollment period, Cover Oregon will use the federal exchange technology to sign people up for private plans. The current system passed security reviews. See response to Question 23 above.

27. MITRE reports that "[t]here is no evidence that CO [Cover Oregon] has established good contract administration processes, or that OCS' [Oracle Consulting Services] activities are being closely monitored to make sure that they are fulfilling the requirements of the contract." When did state employees become aware that there were concerns over the oversight of contractors? What actions have been taken to fix these problems?

Cover Oregon had in place a quality control/quality assurance vendor, as well as Independent Validation + Verification (IV&V) to monitor contractors and make sure they were fulfilling contract obligations.

With respect to the Oracle Consulting Services (OCS) contract in particular, in January 2014, the State contracted with First Data to provide an independent review of the development and other issues related to the exchange. First Data issued its report in March 2014. While the State is still assessing the report's findings, the report does provide an analysis of issues related to the OCS contract. See **Attachment 5**, pages 37-38.

In December 2012, when the main development vendor was unable to repair the website, Cover Oregon stopped payment to that vendor. As discussed elsewhere, the Governor brought in Dr. Goldberg as acting director of Cover Oregon and a number of new executives have been brought into Cover Oregon.

Cover Oregon and the State have retained outside counsel who is working with the Oregon Department of Justice to review liability issues related to the exchange. We are not in a position to answer this question more fully in light of the need to preserve attorney client privilege.

28. Maximus, a contractor hired to monthly quality assessment reports for the exchange has consistently reported the overall health of the exchange as a high risk going back to 2011. Which individuals, employed both by the state and the exchange, received these reports?

With respect to Cover Oregon, Rocky King, Aaron Karjala, Triz delaRosa, Nora Leibowitz, and Amy Fauver (and Amy Shelton when she came to Cover Oregon in June of 2013) received Cover Oregon's Maximus reports. In addition, the Cover Oregon Board of Directors, Legislative Fiscal Oversight Committee members, Bob Cummings, and Ying Kwong also received Cover Oregon's Maximus reports.

With respect to OHA, the individuals who received QA reports at various times throughout the life of the project include: Bruce Goldberg, OHA Director; Carolyn Lawson, OHA/DHS Chief Information Officer; Steve Powell, Deputy CIO; Amy Shelton/Pete Mallord, Project Manager; Monte Burke/Rus Hargrave, Project Directors; and Ying Kwong and Julie Pearson-Ruthven Department of Administrative Services Office of the CIO.

a. How were the concerns identified in these reports communicated to CMS?

Cover Oregon Maximus QA reports were provided to CMS on a monthly basis as received. With respect to OHA, risk information derived from the Maximus QA reports were included in the monthly CMS reports created by the project manager.

b. What was done to address the concerns raised in these independent reports?

With respect to Cover Oregon, many of the concerns laid out in the reports were addressed. How each was addressed was reflected in the reports themselves. Each "Priority QA Recommendation" is listed alongside a "CO Response." With respect to OHA, response and/or risk mitigation were included with each risk/issue identified.

29. According to press reports published in *The Oregonian*, Ying Kwong, an IT analyst, warned Oregon officials in May that "Cover Oregon's managers were being 'intellectually dishonest' in claiming the project would be ready Oct. 1." How did the state address Mr. Kwong's concerns?

It appears that the email referenced in the *Oregonian* article was an exchange between Mr. Kwong, a Department of Administrative Services IT analyst, and Bob Cummings, staff in the Legislative Fiscal Office. No one from Cover Oregon management was copied on the email. Regardless, around the time of this email, Cover Oregon, with its main development vendor, reviewed and reduced scope. See responses to Questions 11 and 19.

30. Were concerns about exchange not being ready on October 1st communicated to CMS?

See response to Question 11 above.

31. Also according to *The Oregonian*, in May 2013, former executive director Rocky King wrote interim director Bruce Goldberg that the federal officials asked questions that were "neither 'tough' nor very relevant." Mr. King wrote: "Behind the eight ball as we are… I think our federal partners were impressed." Did exchange officials downplay concerns to federal officials that the exchange would be operational on October 1st?

Please see **Attachment 13** for a copy of the May 31, 2013 email referenced in Question 31. That email includes the 106-slide presentation of the May 30, 2013 Final Detailed Design Review. This review reflected the status of the exchange as of that date. A copy of this presentation was produced to the committee in Oregon's May 2, 2014 production of documents. Exchange officials did not downplay concerns to federal officials that the exchange would be operational on October 1. As discussed elsewhere in this letter, the State reduced scope, and in August 2013, the State began to report some features of the website that would not be available on October 1.

Questions related to this response can be directed to me at [redacted] or Elliot Berke at [redacted]

Sincerely,

Liani J. Reeves
General Counsel,
Office of the Governor

cc:
Committee on Oversight and Government Reform
Minority Staff
2471 Rayburn HOB
Washington, DC 20515-6143

ATTACHMENTS

Attachment 1	Spreadsheet of Cover Oregon Contracts
Attachment 2	Spreadsheet of Oregon Health Authority Contracts
Attachment 3	Excerpts from Warranty and Repair Provisions
Attachment 4	Oregon Senate Bill 99 (2011)
Attachment 5	First Data Cover Oregon Website Implementation Assessment Report (Final Report April 23, 2014)
Attachment 6	CMS Feedback Report (August 23, 2013)
Attachment 7	CMS Feedback Report (September 6, 2013)
Attachment 8	Cover Oregon Press Release (August 9, 2013)
Attachment 9	Cover Oregon Press Release (October 1, 2013)
Attachment 10	CMS Technical Assistance Report For: Oregon Health Insurance Marketplace (February 27, 2014)
Attachment 11	CMS Authority to Connect Notification Letter from CMS (September 27, 2013)
Attachment 12	IRS Approval Letter (September 20, 2013)
Attachment 13	Email from Rocky King to Bruce Goldberg et al. re: Federal Design Review (May 31, 2013)

Contract Number	Contractor Contact Person	Contractor	Type of Contract	Contract Purpose	Cover Oregon Contract Administrato	Executive Team Signer	Contract Begin Date	Contract Expiration Date	Contract Amount	Contract Modification	Type of Contract	Spent	Contract modifications after 9/1/2013 (Question 4)
12-0003	Sicely Donaldson	Point B	Time & materials	Strategic Execution & Start-up	Triz delaRosa	Triz delaRosa	1/18/12	6/14/14	$5,629,253	2	Sole Source	$4,923,367	1; (1) additional time and money.
12-0007	Kevin Kelly	Deloitte Consulting LLP	Fixed price	Web Portal Design	Jessica Wagner	Aaron Karjala	6/29/12	3/31/14	$12,450,000	4	Competitively Bid	$7,650,000	2; (1) added contract language regarding federal rights in intangible property; (2) revised the deliverable and artifact table.
12-0008	Garrett Reynolds	TahoeBlu, Inc.	Time & materials	IT Architect Services	Amy Shelton	Aaron Karjala	6/4/12	12/31/14	$1,217,800	2	Sole Source	$1,017,549	1; (1) additional time and money.
12-0011	Rick Holshevnikoff	Interactive Intelligence (ININ)	Deliverables	Service Center Solution	Amy Shelton	Aaron Karjala	11/8/12	10/31/17	$2,118,589	7	Competitively Bid	$894,610	1; (1) additional monthly fee for CaaS Development Server and a one-time charge for "provisioning" the server.
13-0002	Jon Lemelin	MAXIMUS	Deliverables	Quality Control	Triz delaRosa	Triz delaRosa	1/3/13	2/27/15	$1,321,170	4	State Master Contract	$1,251,460	2; additional reports, time extension
13-0011	Doug Stanley	Oracle(Consulting)	Time & materials	Development services to finalize version 1 of the exchange and to manage the technology environments through December 2014 (18 months)	Triz delaRosa	Triz delaRosa	5/1/13	5/31/14	$78,435,739	5	Competitively Bid	$77,218,589	4 (agreement to pay for invoices withheld from Oracle re engaging Oracle services month to month).
13-0012	Jon Lemlin	MAXIMUS	Deliverables	IV&V Testing	Triz delaRosa	Triz delaRosa	6/17/13	6/30/14	$3,375,800	3	State Master Contract	$3,122,300	1; (1) additional time, money, and status reports.
13-0015	Christopher Brandt	Audacious Inquiry, LLC	Fixed price deliverables	Software data products and services	Jessica Wagner	Aaron Karjala	5/16/13	varied	$728,974	5	Federal Pricing Agreement	$714,467	4; (1) redefined scope of work to address reduction of unmatched records; (2) modifed the format of the data extract; (3) additional software and hosting services; (4) change to XML Services schema.
13-0016	Michael O'Neal	Oracle (Software & Licensing)	Fixed price	Business Applications and associated licensing costs	Amy Shelton	Triz delaRosa	3/14/13	4/30/15	$27,549,041	5	Competitively Bid	$19,531,814	2; Service/License Agreements extensions
13-0017	Janet Davis	Cognasante, LLC	Deliverables	Interface development (design, construction and testing) and related support services	Shauna Parker	Aaron Karjala	5/1/13	6/30/14	$6,965,048	2	non-competitive solicitation	$5,131,007	2; (1)addt'l money to continue services. (2)Addt'l time & money to continue services.
13-0030	Robert Tornai	Tornai Consulting, Inc.	Time & materials	System Architecture	Amy Shelton	Aaron Karjala	1/6/14	1/6/15	$400,000	0	Sole Source	$121,050	0; no contract modifications made after 9/1/2013.
14-0004	Matt Taylor	Matt Taylor	Time & materials	System Architecture	Amy Shelton	Aaron Karjala	2/10/14	12/31/14	$400,000	0	Sole Source	$44,730	0; no contract modifications made after 9/1/2013.
14-0006	Robert Dillon	Eagle Creek	Deliverables	Testing	Jessica Wagner	Aaron Karjala	3/24/14	12/31/14	$638,370	0	Sole Source - exigent circumstances	$166,326	0; no contract modifications made after 9/1/2013.
14-0005	Kevin Kelly	Deloitte Consulting LLP	Fixed price deliverables	Technology Assessment	Jessica Wagner	Aaron Karjala	3/28/14	12/31/14	$3,562,500	1	Sole Source-exigent circumstances	$2,612,500	1; amended 4/14/14 for additional money and services.

Information reflected through 4/30/14

MAX- Modernization Contracts Through No			
Contract Number	**Contractor**	**sub-contractor**	**Sourcing**
304988	Dell Marketing LLP	SAP	State Price Agreement
313244	Dell Marketing LLP	iGrafx	State Price Agreement
314398	Dell Marketing LLP	Mythics	State Price Agreement
316258	Dell Marketing LLP	Mythics	State Price Agreement
317000	Dell Marketing LLP	Oracle	State Price Agreement
317001	Dell Marketing LLP	Oracle	State Price Agreement
317002	Dell Marketing LLP	Oracle	State Price Agreement
317003	Dell Marketing LLP	Oracle	State Price Agreement
317005	Dell Marketing LLP	Oracle	State Price Agreement
317009	Dell Marketing LLP	Oracle	State Price Agreement
317010	Dell Marketing LLP	Oracle	State Price Agreement
318020	Dell Marketing LLP	Mythics	State Price Agreement
318021	Dell Marketing LLP	Mythics	State Price Agreement
318112	Dell Marketing LLP	Hewlett Packard	State Price Agreement
318819	Dell Marketing LLP	Oracle	State Price Agreement
319219	Dell Marketing LLP	Mythics	State Price Agreement
319542	Dell Marketing LLP	Mythics	State Price Agreement
319893	Dell Marketing LLP	Oracle	State Price Agreement
320107	Dell Marketing LLP	Oracle	State Price Agreement
320157	Dell Marketing LLP	Oracle	State Price Agreement
320166	Dell Marketing LLP	Oracle	State Price Agreement
320232	Dell Marketing LLP	Oracle	State Price Agreement
320233	Dell Marketing LLP	Oracle	State Price Agreement
320234	Dell Marketing LLP	Oracle	State Price Agreement
320324	Dell Marketing LLP	Oracle	State Price Agreement
321461	Dell Marketing LLP	Mythics	State Price Agreement
321629	Dell Marketing LLP	Mythics	State Price Agreement
321881	Dell Marketing LLP	Mythics	State Price Agreement
322007	Dell Marketing LLP	Mythics	State Price Agreement
322689	Dell Marketing LLP	Mythics	State Price Agreement
323903	Dell Marketing LLP	Mythics	State Price Agreement
315203	Dell Marketing LLP	Mythics	State Price Agreement
319538	Dell Marketing LLP	Mythics	State Price Agreement
320025	Dell Marketing LLP	Mythics	State Price Agreement
323356	Dell Marketing LLP	Mythics	State Price Agreement
323469	Dell Marketing LLP	Mythics	State Price Agreement
319612	Dell Marketing LLP	Oracle	State Price Agreement
319613	Dell Marketing LLP	Oracle	State Price Agreement
319615	Dell Marketing LLP	Oracle	State Price Agreement
319616	Dell Marketing LLP	Oracle	State Price Agreement
320019	Dell Marketing LLP	Oracle	State Price Agreement
320167	Dell Marketing LLP	Oracle	State Price Agreement
320168	Dell Marketing LLP	Oracle	State Price Agreement

325736	Dell Marketing LLP	Oracle	State Price Agreement
323414	Dell Marketing LLP	Oracle	State Price Agreement
323415	Dell Marketing LLP	Oracle	State Price Agreement
323665	Dell Marketing LLP	Oracle	State Price Agreement
130565	CSG	N/A	DAS price agreement
137295	Maximus	N/A	DAS price agreement
136563	Maximus	N/A	DAS price agreement
139911	Portland State University	N/A	Intergovernmental agreement
LE-15-293	Swamp Cat Investments LLC	N/A	Lease
PO 317194	Humans and Technology	N/A	Competitive
135019	Donald R Nagle Consulting	N/A	DAS Special Procurement
2424	NextSource	Apex	Managed Service Provider DAS Pr
968	NextSource	InfoExperience	Managed Service Provider DAS Pr
2363	NextSource	Meridian	Managed Service Provider DAS Pr
2582	NextSource	Apex	Managed Service Provider DAS Pr
2517	NextSource	InfoExperience	Managed Service Provider DAS Pr
DW001	NextSource	Apex	Managed Service Provider DAS Pr
DW002	NextSource	Meridian	Managed Service Provider DAS Pr
DW004	NextSource	EcoNorthwest	Managed Service Provider DAS Pr
DW005	NextSource	InfoExperience	Managed Service Provider DAS Pr
DW006	NextSource	Apex	Managed Service Provider DAS Pr
DW010	NextSource	Apex	Managed Service Provider DAS Pr
DW012	NextSource	VanderHouwen	Managed Service Provider DAS Pr
DW013	NextSource	Salem Technology Solutions	Managed Service Provider DAS Pr
DW014	NextSource	RK Technology	Managed Service Provider DAS Pr
DW024	NextSource	TekTal	Managed Service Provider DAS Pr
DW025	NextSource	TekTal	Managed Service Provider DAS Pr
DW026	NextSource	Everest	Managed Service Provider DAS Pr
DW032	NextSource	Everest	Managed Service Provider DAS Pr
DW060	NextSource	Salem Technology Solutions	Managed Service Provider DAS Pr
DW061	NextSource	VanderHouwen	Managed Service Provider DAS Pr
DW064	NextSource	Technisource	Managed Service Provider DAS Pr
DW066	NextSource	TekTal	Managed Service Provider DAS Pr
DW068	NextSource	22nd Century	Managed Service Provider DAS Pr
1005	NextSource	PurpleSquirrel	Managed Service Provider DAS Pr
LO-02	NextSource	Apex	Managed Service Provider DAS Pr
SSM-069	NextSource	22nd Century	Managed Service Provider DAS Pr
SSM-108	NextSource	Point B	Managed Service Provider DAS Pr
SSM-073	NextSource	PurpleSquirrel	Managed Service Provider DAS Pr
SSM-081	NextSource	Madrona Consulting	Managed Service Provider DAS Pr
SSM-100	NextSource	Madrona Consulting	Managed Service Provider DAS Pr
SSM-111	NextSource	Salem Technology Solutions	Managed Service Provider DAS Pr
SSM-094	NextSource	Mavensoft Technologies	Managed Service Provider DAS Pr
35758	NextSource	RK Technologies	Managed Service Provider DAS Pr
3945	NextSource	Aequor Technologies	Managed Service Provider DAS Pr
3963	NextSource	Consulting Direct	Managed Service Provider DAS Pr
35978	NextSource	TekTal	Managed Service Provider DAS Pr
2567	NextSource	Enterprise Consulting Services	Managed Service Provider DAS Pr
1052	NextSource	TekTal	Managed Service Provider DAS Pr

1060	NextSource	TekTal	Managed Service Provider DAS Pr
1050	NextSource	RadGov	Managed Service Provider DAS Pr
1062	NextSource	TekTal	Managed Service Provider DAS Pr
1086	NextSource	Info-Experience	Managed Service Provider DAS Pr
1087	NextSource	Consulting Direct	Managed Service Provider DAS Pr
1129	NextSource	Northwest Software Inc	Managed Service Provider DAS Pr
1148	NextSource	VanderHouwen	Managed Service Provider DAS Pr
	NextSource	Technisource	Managed Service Provider DAS Pr
1150	NextSource	EnSoftek Inc	Managed Service Provider DAS Pr
1155	NextSource	Beacon	Managed Service Provider DAS Pr
1157	NextSource	Beacon	Managed Service Provider DAS Pr
1159	NextSource	Beacon	Managed Service Provider DAS Pr
2731	NextSource	Salem Technology Solutions	Managed Service Provider DAS Pr
CAF034	NextSource	InfoGroup Northwest	Managed Service Provider DAS Pr
2752	NextSource	Atlantian	Managed Service Provider DAS Pr
2743	NextSource	CIBER	Managed Service Provider DAS Pr
1267	NextSource	Salem Technology Solutions	Managed Service Provider DAS Pr
2816	NextSource	Triad	Managed Service Provider DAS Pr
2817	NextSource	Aequor Technologies	Managed Service Provider DAS Pr
2818	NextSource	Ramsoft	Managed Service Provider DAS Pr
1916	NextSource	Computer Consultants Intl	Managed Service Provider DAS Pr
100005-11	Covendis	Software Technology	Managed Service Provider DAS Pr
100006-11	Covendis	Paradigm	Managed Service Provider DAS Pr
10039-11	Covendis	Information Alliance	Managed Service Provider DAS Pr
10063	Covendis	CorSource	Managed Service Provider DAS Pr
10064	Covendis	e-Horizon	Managed Service Provider DAS Pr
10065	Covendis	Beacon	Managed Service Provider DAS Pr
10075	Covendis	TekSystems	Managed Service Provider DAS Pr
10076	Covendis	Msys	Managed Service Provider DAS Pr
10080	Covendis	Samiti Technology	Managed Service Provider DAS Pr
10083	Covendis	Software Technology	Managed Service Provider DAS Pr
20013	Covendis	Software Technology	Managed Service Provider DAS Pr
20014	Covendis	Paradigm	Managed Service Provider DAS Pr
20016	Covendis	Information Alliance	Managed Service Provider DAS Pr
20022	Covendis	22nd Century	Managed Service Provider DAS Pr
20023	Covendis	Purple Squirrel	Managed Service Provider DAS Pr
20034	Covendis	Information Alliance	Managed Service Provider DAS Pr
20035	Covendis	Information Alliance	Managed Service Provider DAS Pr
10047-12	Covendis	Software Technology	Managed Service Provider DAS Pr
10048-12	Covendis	Cogent Infotech	Managed Service Provider DAS Pr
10049-12	Covendis	VitalPro	Managed Service Provider DAS Pr
10050-12	Covendis	NovaLink	Managed Service Provider DAS Pr
10050-12	Covendis	Cogent	Managed Service Provider DAS Pr
10051-12	Covendis	Comsys-Experis	Managed Service Provider DAS Pr
10052-12	Covendis	22nd Century	Managed Service Provider DAS Pr
10063-12	Covendis	CorSource	Managed Service Provider DAS Pr
10064-12	Covendis	e-Horizon	Managed Service Provider DAS Pr
10065-12	Covendis	CNC Consulting	Managed Service Provider DAS Pr
10065-12	Covendis	Beacon	Managed Service Provider DAS Pr

10074-12	Covendis	eLinks	Managed Service Provider DAS Pr
10075-12	Covendis	TekSystems	Managed Service Provider DAS Pr
10076-12	Covendis	Msys	Managed Service Provider DAS Pr
10079-12	Covendis	22nd Century	Managed Service Provider DAS Pr
10080-12	Covendis	Samiti Technology	Managed Service Provider DAS Pr
10081-12	Covendis	NovaLink	Managed Service Provider DAS Pr
10083-12	Covendis	Software Technology	Managed Service Provider DAS Pr
20027-12	Covendis	Cognosante	Managed Service Provider DAS Pr
20031-12	Covendis	Radha	Managed Service Provider DAS Pr
20036-12	Covendis	Hittner & Assoc	Managed Service Provider DAS Pr

›vember 2013

Type of contract (T&M, fixed price)	Official Overseeing Contract	Contract Begin Date	Contract Expiration Date	Contract Amount	# of Contract Modifications
fixed price	Katherine Sherman / E	12/21/09	N/A	$49,868	0
fixed price	Ed Klimowicz	05/02/11	05/01/12	$64,363	0
fixed price and T&M	Carolyn Lawson	08/24/11	11/30/14	$8,555,076	1
T&M	Carolyn Lawson	10/07/11	11/30/14	$1,326,018	0
T&M	Carolyn Lawson	12/01/11	11/30/14	$6,605,835	0
T&M	Carolyn Lawson	12/01/11	11/30/14	$3,538,699	0
T&M	Carolyn Lawson	12/01/11	11/30/14	$718,272	0
T&M	Carolyn Lawson	12/01/11	11/30/14	$9,281,304	0
T&M	Carolyn Lawson	12/01/11	11/30/14	$7,241,836	0
T&M	Carolyn Lawson	12/01/11	11/30/14	$4,195,516	0
fixed price	Carolyn Lawson	12/01/11	11/30/13	$1,400,250	0
fixed price	Carolyn Lawson	02/12/12	02/28/13	$8,768,400	0
fixed price	Carolyn Lawson	02/12/12	02/28/13	$5,858,833	0
fixed price	Carolyn Lawson	03/06/12	02/28/13	$920,058	0
T&M	Carolyn Lawson	04/27/12	11/30/14	$2,154,816	0
fixed price	Carolyn Lawson	05/30/12	05/30/13	$2,004,800	0
fixed price	Carolyn Lawson	07/01/12	06/30/13	$1,157,798	0
T&M	Carolyn Lawson	08/27/12	11/30/14	$860,488	0
fixed price	Carolyn Lawson	08/24/12	02/28/13	$294,646	0
T&M	Carolyn Lawson	09/07/12	11/30/14	$5,980,359	0
T&M	Carolyn Lawson	09/12/12	11/30/14	$9,000,000	0
T&M	Carolyn Lawson	09/12/12	11/30/14	$9,000,000	0
T&M	Carolyn Lawson	09/12/12	11/30/14	$8,000,000	0
T&M	Carolyn Lawson	09/12/12	11/30/14	$8,267,408	0
T&M	Carolyn Lawson	09/12/12	11/30/14	$8,267,408	0
fixed price	Carolyn Lawson	12/28/12	11/30/13	$232,877	0
fixed price	Carolyn Lawson	01/05/13	01/30/14	$122,597	0
fixed price	Carolyn Lawson	03/01/13	02/28/14	$6,310,734	0
fixed price	Carolyn Lawson	03/01/13	02/28/14	$531,919	0
fixed price	Carolyn Lawson	03/08/13	03/28/14	$246,510	0
fixed price	Carolyn Lawson	07/01/13	06/30/14	$1,488,789	0
T&M	Carolyn Lawson	08/04/11	11/30/14	$500,000	0
fixed price	Carolyn Lawson	06/27/12	11/30/14	$43,320	0
fixed price	Carolyn Lawson	07/01/11	11/30/14	$0	0
fixed price	Carolyn Lawson	06/06/13	06/06/14	$305,003	0
fixed price	Carolyn Lawson	06/07/13	06/06/14	$552,956	0
T&M	Carolyn Lawson	07/05/12	11/30/14	$0	0
T&M	Carolyn Lawson	07/05/12	11/30/14	$0	0
T&M	Carolyn Lawson	07/05/12	11/30/14	$0	0
T&M	Carolyn Lawson	07/05/12	11/30/14	$0	0
T&M	Carolyn Lawson	07/05/12	11/30/14	$0	0
T&M	Carolyn Lawson	09/12/12	11/30/14	$9,000,000	0
T&M	Carolyn Lawson	09/12/12	11/30/14	$8,094,504	0

T&M	Nancy McIntyre	11/25/13	06/30/15	$0	0
fixed price	Carolyn Lawson	05/31/13	06/30/13	$23,266	0
fixed price	Carolyn Lawson	05/31/13	06/30/13	$4,689	0
fixed price	Carolyn Lawson	06/27/13	06/27/13	$483,576	0
fixed price	Rus Hargrave, Monte	12/07/09	07/31/15	$893,906	6
fixed price	Rus Hargrave, Pete M	10/26/11	01/30/12	$62,650	0
fixed price	Rus Hargrave, Amy Sh	08/04/11	05/16/13	$270,105	2
fixed price	Jennifer DeJong	09/18/12	06/30/13	$46,545	0
fixed price	DHS Facilities		06/30/14		0
fixed price	Pete Mallord	05/14/12	05/19/12	$27,200	0
T&M	Suzanne Hoffman	03/22/11	06/30/14	$750,000	1
Fixed price	Kathryn Naugle	05/05/08	10/31/08	$98,577	4
T&M	Kathryn Naugle	07/09/08	10/23/08	$90,478	0
Fixed price	Kathryn Naugle	08/18/08	12/30/08	$100,430	0
T&M	Kathryn Naugle	09/10/08	03/16/09	$108,272	0
T&M	Kathryn Naugle	09/06/08	03/21/09	$100,573	0
Fixed price	Jim Ure, Katherine Sh	11/03/08	01/31/12	$633,400	6
Fixed price	Rashmi Joshi	01/01/09	03/05/09	$98,160	0
Fixed price	Katherine Sherman	12/19/08	06/30/09	$67,450	1
Fixed price	Rashmi Joshi	02/01/09	10/23/09	$154,138	3
Fixed price	Marna Hauk	02/17/09	05/07/09	$72,365	0
Fixed price	Rashmi Joshi	03/15/09	12/05/09	$144,150	1
Fixed price	Marna Hauk	03/25/09	10/05/09	$93,001	0
Fixed price	Katherine Sherman	04/01/09	04/09/10	$191,287	2
Fixed price	Katherine Sherman	03/01/09	10/05/09	$92,548	0
Fixed price	Rashmi Joshi	04/19/09	11/05/09	$74,024	0
Fixed price	Rashmi Joshi	05/01/09	05/05/11	$254,901	4
Fixed price	Rashmi Joshi	05/01/09	10/05/09	$84,290	2
Fixed price	Rashmi Joshi	06/29/09	12/31/09	$96,300	0
Fixed price	Rashmi Joshi	10/19/09	06/05/10	$98,490	1
Fixed price	Rashmi Joshi	10/01/09	03/05/10	$86,758	0
Fixed price	Rashmi Joshi	10/13/09	10/05/10	$183,447	2
Fixed price	Rashmi Joshi	11/01/09	05/05/11	$253,040	3
Fixed price	Rashmi Joshi	11/30/09	12/31/10	$140,480	1
T&M	Jim Ure, Katherine Sh	09/08/08	06/13/09	$82,033	0
Fixed price	Jim Ure, Katherine Sh	09/02/08	02/13/09	$95,424	1
Fixed price	Katherine Sherman	01/07/10	05/13/11	$211,028	0
Fixed price	Monte Burke	08/11/10	07/31/11	$345,000	1
Fixed price	Rashmi Joshi	03/08/10	09/30/11	$133,200	3
Fixed price	Joe White, Toni Roger	04/01/10	04/05/12	$305,168	1
Fixed price	Joe White, Toni Roger	05/24/10	06/05/11	$242,422	1
Fixed price	Rashmi Joshi	08/13/10	09/05/10	$12,960	3
Fixed price	Heather Munion	05/17/10	12/05/11	$316,993	3
T&M	Katherine Sherman	09/17/08	03/06/09	$95,448	0
T&M	Katherine Sherman	09/17/08	04/12/09	$100,104	0
T&M	Jim Ure	10/01/08	03/31/09	$94,827	0
T&M	Jim Ure	10/20/08	02/11/09	$47,808	0
T&M	Jim Ure	10/22/08	02/11/09	$46,656	0
T&M	Jim Ure	11/05/08	11/19/08	$74,880	0

T&M	Rashmi Joshi	11/13/08	04/25/09	$60,030	0
T&M	Rashmi Joshi	11/13/08	05/13/09	$78,000	0
T&M	Rashmi Joshi	12/01/08	05/02/09	$60,909	0
T&M	Jim Ure	01/05/09	06/04/09	$91,520	0
T&M	Rashmi Joshi	01/05/09	07/03/09	$80,808	0
T&M	Jim Ure	03/17/09	06/27/09	$73,746	0
T&M	Rashmi Joshi	04/13/09	10/02/09	$98,800	0
T&M	Rashmi Joshi	03/30/09	09/25/09	$83,200	0
T&M	Rashmi Joshi	03/30/09	09/04/09	$57,960	0
T&M	Jim Ure	04/01/09	08/29/09	$52,013	0
T&M	Jim Ure	04/01/09	10/09/09	$73,416	0
T&M	Jim Ure	04/06/09	09/12/09	$62,400	0
T&M	Jim Ure	07/15/09	02/19/10	$82,059	0
T&M	Jim Ure	08/24/09	03/12/10	$92,916	0
T&M	Jim Ure	10/05/09	10/30/09	$72,280	0
T&M	Jim Ure	11/16/09	05/12/10	$72,800	0
T&M	Rashmi Joshi	03/18/10	08/13/10	$91,943	0
T&M	Rashmi Joshi	08/02/10	08/06/10	$101,057	0
T&M	Rashmi Joshi	07/26/10	01/21/11	$88,400	0
T&M	Rashmi Joshi	08/02/10	01/22/11	$70,000	0
T&M	Rashmi Joshi	02/14/11	07/30/11	$86,400	0
T&M	Rashmi Joshi	05/02/11	10/29/11	$73,122	0
T&M	Rashmi Joshi	05/02/11	10/29/11	$73,122	0
T&M	Toni Rogers	02/27/12	08/27/12	$102,170	0
T&M	Rebecca Sponsel	01/22/13	08/30/13	$81,120	2
T&M	Rebecca Sponsel	01/14/13	09/30/13	$81,120	3
T&M	Rebecca Sponsel	01/14/13	08/15/13	$81,120	3
T&M	Rebecca Sponsel	04/29/13	10/25/13	$69,680	0
T&M	Rebecca Sponsel	04/29/13	10/25/13	$69,680	0
T&M	Rebecca Sponsel	04/29/13	12/31/13	$69,680	0
T&M	Rebecca Sponsel	06/03/13	10/11/13	$69,680	0
Fixed price	Rashmi Joshi	11/01/11	01/31/13	$175,494	1
Fixed price	Rashmi Joshi	11/01/11	01/31/13	$175,494	1
Fixed price	Toni Rogers	08/23/12	09/23/13	$234,892	1
Fixed price	Rashmi Joshi	12/05/12	01/05/13	$171,705	1
Fixed price	Rashmi Joshi	03/05/12	01/05/13	$147,197	1
Fixed price	Toni Rogers	09/30/12	12/13/12	$107,573	0
Fixed price	Toni Rogers	11/05/12	10/17/13	$212,788	1
T&M	Rebecca Sponsel	03/05/13	06/21/13	$69,680	0
T&M	Rebecca Sponsel	04/02/13	09/27/13	$62,400	0
T&M	Rebecca Sponsel	01/14/13	07/26/13	$61,467	0
T&M	Amy Shelton	09/17/12	10/26/12	$13,545	0
T&M	Amy Shelton	01/07/13	06/30/13	$59,276	0
T&M	Amy Shelton	10/22/12	04/19/13	$16,970	0
T&M	Amy Shelton	09/17/12	03/15/13	$54,420	0
T&M	Rebecca Sponsel	01/22/13	08/30/13	$81,120	0
T&M	Rebecca Sponsel	02/04/13	09/30/13	$81,120	0
T&M	Rebecca Sponsel	01/14/13	02/14/13	$12,324	0
T&M	Rebecca Sponsel	03/05/13	09/13/13	$39,690	2

T&M	Rebecca Sponsel	04/29/13	06/21/13	$23,584	0
T&M	Rebecca Sponsel	04/29/13	10/25/13	$40,200	0
T&M	Rebecca Sponsel	04/29/13	10/25/13	$69,680	0
T&M	Rebecca Sponsel	05/06/13	06/21/13	$19,832	0
T&M	Rebecca Sponsel	04/29/13	11/30/13	$69,680	0
T&M	Rebecca Sponsel	04/29/13	06/21/13	$22,750	0
T&M	Rebecca Sponsel	06/03/13	11/29/13	$69,680	0
Fixed price	Ed Klimowicz	12/27/12	12/31/13	$6,684,945	11
Fixed price	Amy Shelton	08/02/12	02/28/13	$113,036	0
Fixed price	Amy Shelton	09/13/12	03/06/13	$125,791	0

Spent	Description		
$37,401	SAP Knowledge Accelerator Enterprise License		
$37,456	iGrafx enterprise license upgrade -- CANCELLED		
$8,555,076	Oracle Policy Automation (this was amended to change amount of PO)		
$710,023	Oracle Policy Automation		
$5,193,438	Oracle technical consulting		
$1,462,466	Additional OPA rules		
$367,441	Oracle technical consulting		
$4,486,893	Oracle technical consulting		
$3,838,540	Oracle technical consulting		
$2,147,133	Oracle technical consulting		
$331,213	Oracle University		
$2,520,915	Oracle On-Demand core services, service option fees, Exa platform services		
$5,341,223	Oracle On-Demand core services, service option fees, Exa platform services		
$178,118	HP-ALM		
$1,185,149	Oracle technical consulting -- continuation of 317009		
$926,723	On Demand PeopleSoft enterprise SW		
$578,899	Oracle support maintenance renewal - dozens of Oracle products		
$473,267	Oracle technical consulting -- continuation of 317009		
$147,323	Oracle on demand - service option fees, OD storage unit 200 GB, OD add'l non-production environment, C		
$2,798,893	Oracle technical consulting -- continuation of 317003		
$6,419,539	Oracle technical consulting -- continuation of 317005		
$4,492,559	Oracle technical consulting -- continuation of 317005		
$3,320,958	Oracle technical consulting -- continuation of 317000		
$2,390,540	Oracle technical consulting -- continuation of 317000		
$1,936,785	Oracle technical consulting -- continuation of 317000		
$122,261	On-Demand add'l non-prod environment - PeopleSoft w/ HIPAA security service, add'l CPU suppt w/ HIPA		
$67,429	UPK prof perpetual licenses, updates, support		
$2,445,409	Oracle on-demand core services, service option fees, Exa platform services		
$206,119	On-Demand add'l Siebel instances, On-Demand HIPAA security, On-Demand add'l env sandbox/training,		
$33,895	On-Demand total program service fees incl Tech proc & appl svr processor, VPN & 200GB & DBA support		
$1,488,789	Oracle bundle licenses/maintenance - dozens of Oracle products -- continuation of 319542		
$498,626	Extension of 314398		
$43,320	On demand hosting, voice circuit fees		
$0	Amended terms to original Mythics agreement MLSA 0111		
$76,250	CAF Intake and Call Center hosting		
$0	Technical Architecture / reprovisioning. Note the work was not completed; nothing has been paid		
$0	Amendment to 317005, zero dollar value		
$0	Amendment to 317003, zero dollar value		
$0	Amendment to 317000, zero dollar value		
$0	Amendment to 317001, zero dollar value		
$0	Amendment to 317000, zero dollar value		
$0	Oracle technical consulting -- continuation of 317005. Nothing paid as of Nov 2013		
$0	Oracle technical consulting -- continuation of 317005. Nothing paid as of Nov 2013		

$0	Oracle University -- time only extension to 317010		
$23,266	PeopleSoft one month extension / maintenance renewal		
$4,689	Oracle databases one month extension / maintenance renewal		
$483,576	Oracle Self-Study Training (didn't apply to MaX project - used to increase staff skills)		
$694,443	DHSM Quality Assurance		
$62,650	Risk assessment		
$270,105	MaX Quality Assurance (HIX-IT & Modernization)		
$19,577	Training		
$468,878	Rent and utilities		
$27,200	Training		
$42,655	Management Consultant -- This was executed outside of OIS		
$98,577	Systems Analyst		
$90,478	Program Manager		
$100,430	Software Engineer IV		
$108,272	Database Analyst		
$100,573	Lead Technical Analyst		
$633,400	Systems Analyst		
$98,160	Programmer Analyst IV		
$67,450	Oregon Helps updates project		
$154,138	Systems Analyst IV		
$72,365	Business Analyst IV		
$144,150	Database Analyst		
$93,001	Business Analyst IV		
$191,287	Project Manager III		
$92,548	Project Manager III		
$74,024	Programmer Analyst III		
$254,901	Programmer Analyst III		
$84,290	Programmer Analyst IV		
$96,300	Programmer Analyst III		
$98,490	Business Analyst III		
$86,758	Systems Analyst IV		
$183,447	Systems Analyst III		
$253,040	Systems Analyst III		
$140,480	Developer		
$82,033	Deployment Project Manager		
$95,424	Business Analyst IV		
$211,028	Quality Analyst III		
$345,000	Project Manager / Process Architect		
$133,200	Developer		
$305,168	Project Manager II		
$242,422	Project Manager		
$12,960	Database Analyst		
$316,993	Business Analyst		
$95,448	Project Manager		
$100,104	Project Manager III		
$94,827	Business Analyst		
$47,808	Business Analyst		
$46,656	Business Analyst		
$6,048	Programmer Analyst III		

$60,030	Programmer Analyst III		
$78,000	Programmer Analyst IV		
$60,909	Programmer Analyst III		
$91,520	Testing Lead		
$80,808	Programmer Analyst III		
$41,979	Tester		
$98,800	Systems Analyst IV		
$83,200	Systems Analyst III		
$57,960	Systems Analyst III		
$52,013	Business Analyst III		
$73,416	Business Analyst III		
$62,400	Quality Analyst III		
$82,059	Project Manager II		
$92,916	Business Analyst IV		
$72,280	Business Analyst III		
$72,800	Business Analyst III		
$91,943	Database Analyst		
$101,057	SA-III		
$88,400	Systems Analyst III		
$70,000	Systems Analyst III		
$86,400	Programmer III		
$73,122	Programmer Analyst III		
$73,122	Programmer Analyst III		
$102,170	Project Manager III		
$81,120	Tester		
$81,120	Tester		
$81,120	Tester		
$69,680	Tester		
$69,680	Tester		
$69,680	Tester		
$69,680	Tester		
$175,494	Programmer Analyst		
$175,494	Programmer Analyst		
$234,892	Project Manager III		
$171,705	Database Analyst		
$147,197	Programmer Analyst		
$107,573	Project Manager III		
$212,788	Project Manager III		
$69,680	Tester		
$62,400	Tester		
$61,467	Tester		
$13,545	Systems Analyst		
$59,276	Systems Analyst		
$16,970	Systems Analyst		
$54,420	interfaces analyst		
$81,120	Tester		
$81,120	Tester		
$12,324	Tester		
$39,690	Tester		

$23,584	Tester		
$40,200	Tester		
$69,680	Tester		
$19,832	Tester		
$69,680	Tester		
$22,750	Tester		
$69,680	Tester		
$6,684,945	interfaces		
$113,036	Business Analyst		
$125,791	Financial Business Analyst		

HAMSTREET
& Associates

To: Aaron Patnode, Cover Oregon Board, Governor Kitzhaber
Re: Overview of Hamstreet Cover Oregon engagement and recommendations
From: Clyde Hamstreet
Date: August 29, 2014

Since stepping aside as interim executive director at Cover Oregon in July, and as part of the wind-down of my firm's engagement with Oregon's health insurance exchange, I have prepared this memo as an overview of our work and recommendations for the future of Oregon's exchange. The memo covers three areas: operations, finance, and future structure and governance.

I. Operations

A. Initial Situation

Dysfunctional Management. When my team arrived at Cover Oregon in April the organization was in serious disarray. Rarely if ever in my experience as a turnaround professional have I encountered so dysfunctional a leadership and management situation. Several executives and managers held positions they did not have the experience or ability to handle and were consequently failing. There was little accountability among management. High level objectives were not aligned and executives were frequently at odds with one another, at times displaying unprofessional conduct such as territorial behavior, open hostility, and use of strong profanities in verbal communications.

Cooperation with the Oregon Health Authority (OHA) was poor and there was evident ill will. Lines of authority were vague in several functional areas; e.g., two executives were responsible for the same Salem operations. Communications between managers, across levels internally, and with many outside constituents (e.g., agents) were poor. Important policies and procedures were either inadequate or did not exist. Management and systems weaknesses required frequent ad hoc decision-making to enable continued operations, usually with nothing but an email for documentation.

The problems in senior leadership affected the entire organization. Employee morale was poor and we encountered widespread discomfort and wariness among the staff about whom to align with or trust.

Ineffective Agent Relations. Agent relations was not a priority and agent commission processing was wholly inadequate. An agent relations team existed in title, but in fact spent its time on

[redacted]

enrollments, resulting in weeks of unanswered agent phone calls and hundreds of unanswered agent emails. Commission payment processing had largely failed and Cover Oregon was paying agents less than half the commissions it was receiving.

Instability of IT system. When Hamstreet came on board, Cover Oregon did not have control over its production data processing systems. Oregon's Chief Information Officer, Alex Pettit, had initiated activity to assume this control from Oracle, but results were still a month away. Disabling system problems and outages were part of the normal course of operations. Most business processes had ~~only~~ limited automated support, but ~~and~~ a few, such as life change processing, had none at all. Cover Oregon relied on Oracle to provide the needed services but did not have an effective independent problem identification or management process in place to guide that relationship or fill in gaps to enable independent operations. Cover Oregon had no formal service level expectations or effective service level agreement with Oracle.

Continued Focus and Expenditure on IT. In mid-April, several Cover Oregon executives~~leadership~~ had yet to understand that the IT implementation had failed and that it was time to regroup, stabilize the business, and develop a new approach. The organization continued single-mindedly down the path of debilitating expenditure on technology, ~~leaving the rest of the business to fall apart in its wake~~ [I think this last phrase is too strong].

Weak Financial Controls and Business Processes. Elements of financial management lay in three separate parts of the organization, ~~all~~ relegated two or three levels below the executive director. This fragmentation led to incomplete financial planning and oversight. Contract and invoice authorization was dispersed and poorly controlled, and there were virtually no controls on IT spending. Expense run rates would have left Cover Oregon out of funds by 3Q14. There was no effective budgeting or variance tracking, and where any such efforts did exist there was no accountability. No meaningful business planning was current, except for grant funds forecasting, and there was no formal agreement in place between Cover Oregon and OHA related to cost sharing or fees for service.

Processing Backlog. Large piles of untouched work had accumulated. This included the processing of Medicaid redeterminations, carrier assessment billings, and the processing of member life changes ("Qualifying Life Events"). In mid-April there was a backlog of approximately 6,500 life changes—all untouched—with no process defined or enabled to handle them. At that time there were also approximately 3,000 complex applications that had yet to be handled, and 7,000 identified data errors in need of correction. The organization had no plans in place to address roughly 20,000 document verifications that should have been started by then.

B. Work Performed

To correct and improve the situation described above Hamstreet & Associates:

- Removed non-performing executives
- Changed the management culture through increased communications and senior executive availability and transparency, improving morale

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- Stabilized the business by refocusing on core activities and stanching the bleeding on technology
- Closed out many contracts and sent many contractors home
- Improved financial forecasting and reporting
- Cut expenses to a run rate capable or finishing the year
- Demonstrated open cooperation with OHA, and expected the same from Cover Oregon employees
- Jointly developed the 2015 Transition Plan with OHA and the governor's office
- Clarified authority, delegating more operations decision-making while restricting financial decisions
- Promoted the controller to executive ranks and pulled billing and payroll functions under finance
- Increased the attention and resources dedicated to agent relations
- Implemented new agent commission processing procedures, achieving 90%+ commission pay ratios and placing the organization on track to fully pay out all commissions
- Working with Alex Pettit, normalized data processing operations and support and added key personnel in this area
- Required Hamstreet approval for all contracts and review of all invoices
- Caught up on all complex application processing
- ~~Developed carrier assessment billing to begin with the August run~~
- Facilitated implementation of life change processing and eliminated the QHP life change backlog
- Fixed more than 10,000 data errors, reducing this backlog to approximately 1,000 by the end of August

C. Transition — Work Still to Perform

The following is an excerpted overview of the operations workload prepared by Mark Schmidt and recently presented to Aaron Patnode as Mark turned over the reins as interim COO to Alicia Blevins.

Salem Operations. Salem activities focus on eligibility and enrollment processing and the call center. Given the parallel activities at OHA pertaining to Medicaid, periodic coordination with OHA senior management on eligibility and enrollment is important.

The eligibility team faces a significant workload through the remainder of 2014. Tasks include error corrections and life change processing, both of which are already underway and well advanced, but OHA redeterminations are likely to generate additional life change work. The eligibility team will also be responsible for whatever document verification Cover Oregon has to complete. The level of verification required is not yet clear, but if it is significant the workload may exceed the team's capacity. Workload planning in this area will be critical.

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Enrollment processing is fairly stable at this time and has a capable team. This workload should decline as 2015 open enrollment begins, but we expect continuing applications and carrier cancellations and terminations until sometime in November.

The call center workload has remained higher than expected following the end of extended enrollment on April 30. Cover Oregon has been handling 30,000+ calls per month during ~~every month since~~ May, June and July. August call volumes will come in slightly below this level, but with ~~With~~ OHA's pending redeterminations, call volume will almost certainly increase in the near term. If volume remains as high as it has been or increases, Cover Oregon may wish to evaluate its desired service levels. Abandon rates are ranging from 10-20%, down from highs of 40% during open/extended enrollment, and average speed of answer now runs ~~3~~ 5 to ~~6~~ 8 minutes, down from 20+ minutes early this year. If Cover Oregon were willing to tolerate lower service levels it might proceed with fewer customer service reps. We have not wanted to make these reductions, but there is room to save costs in this area if necessary.

Durham Operations. The Durham office houses corporate functions, such as Finance and HR, as well as planning for SHOP, agent relations, and plan management. HR is virtually self-managing at this point and should not require significant operational attention. The SHOP team is currently reallocated to helping pay commissions, and plan management is working as part of the technology transition team. Agent relations is active with both agent communications and assisting with commission payment processing. All these areas are adequately staffed and workloads are manageable.

Two organization charts are attached as Exhibit A, one representing the current transitional scenario and the second a potential organization for 2015.

Exhibit B provides a schedule of the most important 2014-15 projects on Cover Oregon's plate, listing the project owner and timeframe. Hamstreet facilitated the development of this schedule with department managers in mid-August. Areas covered include Audit/Reporting, Budgeting, Carriers, CO Systems, Critical Constituencies, Document Verification, Inter-Governmental Agreements, Life Change Processing, OHA Coordination, OHA Eligibility Hand-Off, Renewal Notices, Service Center, SHOP, and the Transition Project.

II. Finance

Hamstreet's activity in the finance area arose from the same set of problems described above in Part A of the Operations section. Early on we recast the role finance played in the organization, which had previously disregarded this department as a second-team player. We added a temporary CFO and elevated the Controller to an executive-level position. We also restructured the accounting department to include the payroll function and billing and commission processing, both of which had been reporting in a fragmented manner to other parts of the organization. Other important financial actions include:

- Added staff resources to work on commission processing problems

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- Reviewed the 2013 Independent Auditors Report on Internal Controls and implementation of corrective plans to address findings
- Implemented accurate and timely cash flow budget forecasting
- Improved financial reporting formats for management and the board
- Implemented regular and timely financial variance reporting (actual results to forecasted) to executive team and department managers
- Improved processes to identify and track significant forecasted costs, especially related to contracts
- Initiated contracts review to improve accuracy of contract obligations in forecasting
- Improved month-end reconciliations of accounting data to heighten accuracy and facilitate timely month-end close
- Developed and implemented cost reductions to reduce monthly expenditures rate from an average of $10.4M/month in the first six months of the year to a projected $4.1M/month for the last six months
- Limited signature authority and expenditure approval for major expenditures
- Managed the CMS grant budget re-scope project requesting CMS approval for remaining grant fund expenditures
- Helped develop plans for the carrier assessment billing process
- Participated in IT meetings to prioritize and accelerate critical system fixes
- Led development of a 2015 budget framework
- Worked with the Controller in the daily management of financial operations including staff meetings, review of financial information, and other financial operational issues
- Assisted in preparing financial reports for the board and legislative committees, and for other reporting needs
- Developed a financial operations work plan for the remainder of 2014 and the first quarter of 2015 scheduling significant issues that need to be addressed (Exhibit C).

III. Future Structure and Governance

Cover Oregon, its board, the governor, and the legislature face an important near-term decision in determining the future course of Oregon's health insurance exchange. Should Cover Oregon survive to house the exchange or should the exchange move to another agency? If Cover Oregon survives, what is the best structure and governance? If it moves into an agency, to which one and with what structure or special provisions? The following observations give food for thought and recommendations related to this decision-making process.

Throughout, the discussion assumes that Oregon wishes to and will remain a state-based (or supported state-based) marketplace (SBM). For 2015, Oregon may retain SBM status while using the federal exchange technology. As long as this situation lasts, maintaining the status quo is the obvious course. But long-term future use of federal technology by SBMs is not yet settled, and (while I do not think it probable) it may come to pass that SBMs will lose federal access. I feel strongly that Oregon should keep its options open. Not only is it important for the state to retain control over its health insurance market, but it is also critical that Oregon follows through on the representations it made when applying for and receiving federal funds. The

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ability to remain an SBM means keeping technology options open, in large part by thinking through the steps, timing, and costs necessary to retain that status without the use of the federal system. The discussion below includes some thoughts about planning around federal uncertainties in this area.

A. Cover Oregon has a strong core organization that deserves to survive in some form.

The group to whom this memo is addressed may not need to be told what seems obvious to them, but in light of the early problems, public struggles, and media environment this year it needs to be said. When I took over as interim executive director in April the financial and operational situations were on the verge of collapse, and it took time and effort on the part of my team and many others within the organization to bring those areas into line. These weaknesses were attributable to prior planning, direction, and management, not to underlying staff incompetence, lack of vision, or lackluster commitment and performance. In terms of ability, sense of mission, and dedication, I and my team found most of the staff very capable and enjoyable to work with. We recognize and admire the strong ethos that runs deep through the organization to ensure that all Oregonians have health insurance that they can readily understand, acquire, and afford.

Having helped develop and implement important process and oversight improvements, and having now ceded the executive directorship to a very capable leader, we have confidence that Cover Oregon's strengths will flourish. If allowed to continue, I believe this growth will eventually be recognized by the public.

B. The early technology fiasco should not undermine Oregon's long-term healthcare goals.

Both Cover Oregon and the state took a very public and embarrassing beating that is difficult but important to leave behind. The best way to do so is to acknowledge mistakes, learn from them, and move forward. The state has stumbled, but it should resist regressive forces that insist the prior errors necessarily entail some lesser version of its healthcare vision. The technology rollout was appalling and Cover Oregon bears partial responsibility for that. But, in mitigation of these stark acknowledgements, we should keep in mind how massive and how uncharted was the territory created by ACA. Oregon was not alone in making significant implementation mistakes, and both the states and the federal government are still feeling their way through a relatively dark environment towards the future.

Oregon must embrace discipline and fiscal responsibility, but that does not mean it must abdicate its comprehensive healthcare vision. Short term planning that takes financial and political realities into account is necessary, but longer term vision is also essential. I am concerned that short-term decisions may impair the flexibility needed to achieve longer term goals. The unsettled nature of the federal healthcare law may work to Oregon's advantage, but in the meantime the state should keep its options open.

GOV_HR00027211

C. *The failed initial rollout should not undermine Oregon's commitment to a working healthcare eligibility and enrollment technology.*

The value of a working technology far outweighs its cost, even if that cost is a multiple of what it should or might have been. The tremendous savings provided by automated application processing imply the inevitability of significant information systems. While the state could have done a much better job of implementation, it never truly had an option *not* to implement a technological solution, and it does not have that option now. We shared an abbreviated analysis of this fact with the House and Senate Legislative Committees in May, and included the following language in the update to the Cover Oregon business plan:

> The cost of processing Medicaid applications manually is extremely high. Our preliminary estimates of direct labor costs suggest that an exclusively manual procedure would exceed $120 million per year. Currently, using the new (but unfinished) technology, Cover Oregon and OHA employ a hybrid manual and automated process estimated to cost closer to $30 million per year in direct labor. By contrast, a fully automated electronic process is projected to cost less than $1 million annually in direct labor (not including call center functions or hands-on staff time to help applicants understand or complete the application). While a fully-automated process is not realistic given the federal requirement that paper applications be made available and the larger number of applicants that will require hands-on assistance to apply, these figures show that the State of Oregon cannot afford NOT to complete the technology.

The numbers referred to in the business plan update derive from a preliminary analysis of application processing costs completed in mid-May 2014. The table below presents direct labor costs to process Medicaid and QHP applications coming through Cover Oregon and OHA using three different levels of technology—none (the legacy manual system), partial (the hybrid solution developed in early 2014), and full (yet to come). The analysis treats *direct labor costs only*. No administrative overhead, no management costs, no equipment or facilities costs, and no expenses for communications, outreach, call center, or other activities are included. Taking all costs into consideration, Hamstreet & Associates estimates Cover Oregon's fully burdened per-application cost to be approximately $120.

As seen from the table, most of the savings lie on the OHA side, which handles more than ten times the number of applications as Cover Oregon. But the savings are significant for Cover Oregon as well, amounting to nearly $7.5 million over two years compared to the hybrid model—i.e., more than the organization's total operating revenues for 2014, and just for direct processing labor. Caveats must be kept in mind relating to the rough nature of the analysis and the impossibility of 100% automation; but these precautions do not undermine the conclusion that eligibility and enrollment technology is vitally important to Oregon.

GOV_HR00027212

Value of Technology[1]

	Cover OR	*OHA*	*Total*
Labor cost to process per application[2]			
Manual (legacy)	$ 75.50	$ 44.50	
Hybrid (current)	35.00	10.30	
Fully automated	0 .30	0.30	
Number of applications (estimate)			
2014	82,000	1,200,000	
2015	130,000	1,200,000	
Total	212,000	2,400,000	
Total labor cost to process (2014-15)			
Manual (legacy)	$ 16,000,000	$ 106,800,000	$ 122,800,000
Hybrid (current)	7,420,000	24,700,000	32,120,000
Fully automated	64,000	720,000	784,000

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D. Oregon should establish a statewide Information Systems department answerable to the governor and responsible for all government IT needs.

The processing cost analysis given above shows that Oregon must continue on the path towards improved systems automation. Even if, as an SBM, Oregon is allowed long-term use of federal technology for QHP enrollments, the state must maintain the essential and complex systems supporting OHA's eligibility and enrollment operations. Based on my exposure to technology issues at Cover Oregon and OHA, I strongly recommend that Oregon establish a statewide IS department responsible for all of the state's technological needs. Such a department would offer several advantages over existing practices.

- Greater consistency and efficiency are the most obvious benefits. A single department could build a comprehensive plan to support all state government activities, rationalizing processes and eliminating significant redundancy.
- As information needs rise and the government's work becomes more complex, the state needs its databases to integrate smoothly and talk to each other. Too often the left hand does not know what the right hand is doing; seamless information sharing would reduce these problems and make government much more capable and much less expensive. If the table above is any indication, the potential savings in this area are tremendous.
- Such a department would concentrate expertise, leading to higher and more consistent quality of design and implementation.
- Pulling responsibility for technology into one place liberates other departments and agencies to focus on providing the services for which they exist. Cover Oregon's mission is health-related. It is not a tech shop, and it got into trouble when it had to

[1] This is a rough analysis based on application processing costs developed in May 2014 to assist in manpower planning and budgeting for remaining 2014 processing requirements.

[2] Includes new applicants, re-enrollments, re-certifications, transfers from terminated plans, etc.

GOV_HR00027213

act like one in order to fulfill its mission. The trouble it got into was uniquely public, but Cover Oregon is surely not unique among Oregon government and quasi-government entities to be managing its IT needs in less than optimal ways.

- While free to focus on their missions, other agencies and departments would still retain significant control over their own processes and technology needs. They would submit scopes and specifications to the IS department and work closely with IS personnel on solutions and implementation.
- A new department of this kind would have the opportunity to make a fresh start using best business practices from the private sector and avoiding the sometimes territorial and bureaucratic culture that holds back other parts of state government.
- Finally, returning to Oregon's health insurance exchange and the lingering uncertainty about future rules and requirements: A centralized IT system would greatly reduce the cost, time, and risk involved to implement eligibility and enrollment capability for QHP processing, in the event SBMs are not allowed to use federal exchange technology in the future. It would also enable Oregon's exchange to more readily build in components related to the tribes and SHOP.

E. Considerations for Cover Oregon's future structure and governance.

If Oregon has a centralized IT department, housing its health insurance exchange becomes much less of an issue. Removing technology concerns from planning and operations will enable the exchange to focus exclusively on its mission. Hamstreet & Associates does not have a strong opinion as to whether Cover Oregon should remain a freestanding quasi-governmental entity, become an agency, or be subsumed into an existing agency, but we incline to let it remain as it is. The same considerations that supported its creation as an independent entity remain in force, and there is much for the organization still to do. Besides the individual QHP market, there are the tribes and SHOP to work on; there may also be a role for Cover Oregon to serve public entities such as school districts, by growing market size, increasing buying power, and reducing costs.

If the state wishes to place its health insurance exchange within an existing agency, we believe it makes more sense to put it in the Oregon Insurance Division (OID) than OHA. The culture and bureaucracy of OHA is a deterrent to fresh, efficient operations, and the experience of that agency has more to do with entitlement programs than with insurance. Cover Oregon is primarily involved with the sale of private insurance, and for that reason aligns more naturally with OID.

If Cover Oregon remains a freestanding entity, we have the following recommendations for changes in its board composition and procedures:

- All board members should have prior experience on boards of mid- to large-sized organizations that deal with complex issues.
- Restrictions on the number of industry members should be eased. The industry should not dominate the board, and the board should maintain its independence; but it needs more industry experience than it has.

GOV_HR00027214

- The governor should appoint the chair, with the restriction that the chair cannot be someone who reports to the governor in the ordinary course of his or her employment.
- Other than industry representatives, requirements for specific kinds of members (consumer advocates, small business representatives, minorities) should be removed. The board needs the best people it can get regardless of background.

F. Future planning for Oregon's health insurance exchange should be done in a more businesslike manner than in the past.

Whatever the state decides to do with Cover Oregon, decisions should be analyzed and made in a more businesslike manner than has been the case in the past. A brief example illustrates this point. When Hamstreet arrived in mid-April there were two full-time people assigned to agent relations, presumably representing what management believed would be necessary to fulfill those functions. Burdened annual costs for those two people were approximately $225,000. But to properly operate the agent relations program—i.e., to communicate with agents and track, reconcile, and pay commissions—has required significantly more than two personnel, with burdened annual costs that we estimate will exceed $800,000. Actual costs including office space, fixtures, and equipment will be somewhat higher. Prior Cover Oregon leadership appears not to have thought through what it would take to carry out agent relation functions, or how Cover Oregon would be compensated for doing so.

There are other examples of questionable business planning as well, such as locating computer hardware in two offsite locations in Utah and Texas, with state taxes of approximately $100,000 per year on the Texas-based equipment alone. Cover Oregon leadership appears not to have thought through how it would pay for licensing fees and support and maintenance agreements amounting to $2 million per month while living on annual operating revenues of $10 to $20 million per year. One of the most significant costs in this respect related to the installation of PeopleSoft software to support the organization's business activities. PeopleSoft is a complex ERP system seldom seen in companies with less than $150 million in annual revenue. The enterprise level of QuickBooks is more appropriate to Cover Oregon, and that is what Hamstreet & Associates has recommended.

GOV_HR00027215

G. Consider regional or licensing solutions for the IT platform if necessary.

Oregon is a small-population state with limited potential for QHP enrollment. Given the newness of the law, estimates of the market size are tentative; but credible sources such as the Kaiser Family Foundation and the Robert Wood Johnson Foundation (Urban Institute) converge on a figure in the neighborhood of 330,000-350,000. This market size should inform Cover Oregon's future planning. If we have a centralized IS department capable of adding QHP functionality to existing Medicaid eligibility and enrollment systems, then the state may well proceed on its own terms as an SBM. But if Oregon's exchange has to independently develop and implement the technology it needs, or if the cost to develop the additional functionality is too great to make sense, then Oregon should look outside itself for ways to share costs and find solutions. While it would take time and effort to bring about, collaborating with neighboring states on a common IT platform that allows retention of state control over regulations and processes could increase efficiency in the QHP marketplace by spreading costs over a much larger group of people. Licensed use of technology from the federal government or another state may also be worth looking at.

GOV_HR00027216

REEVES Liani * GOV

From: KING Rocky [redacted]
Sent: Wednesday, September 18, 2013 10:07 AM
To: BONETTO Mike * GOV
Subject: Fwd: Little Things That Count

This is where we were after 10 last night.

R

Sent from my iPhone

Begin forwarded message:

> **From:** laura bernier [redacted]
> **Date:** September 18, 2013, 7:24:27 AM PDT
> **To:** King Rocky [redacted]
> **Cc:** Karjala Aaron [redacted]
> **Subject: Re: Little Things That Count**
>
> Hi Rocky,
> I really appreciate the suggestions and will talk with Aaron this morning. We have started a UI SWAT team to go through screen by screen but would welcome having additional eyes on the system with us to make sure we create a portal that you can be proud of, and that has the sizzle needed to make it a good user experience for Oregonians.
>
> The Oracle leadership team and technical leads met last night after the walk through to discuss our approach, refocusing the teams, adding resources, etc. You have our continued commitment to make this a success, and my personal commitment and appreciation of your support.
>
> Thank you,
> Laura
>
> On 9/18/2013 4:06 AM, King Rocky wrote:
>
> > Hi Laura,
> >
> > While going through the portal last night, I was drawn to a number of problems that I believe will impact how agents and community partners react to our site. First, it should be fair to say that I'm drawing some of my thoughts from the biography of Steve Jobs and the relentless pursuit of perfection that he had. His focus was always on the customer and the customer experience (he didn't listen to them via focus groups or run throughs, but everything he did was to enhance their experience).
> >
> > I grew up in the food industry and in the California wine country – first jobs – picking grapes and working in restaurants. The winery's always focused on packaging first – a good looking bottle gets people to buy and most people don't really know if the wine is good or bad (there are more snobs today but it is still amazing how a 10 dollar bottle of wine with a great package will sell over

something more expensive, great taste but with mundane packaging. In the restaurant business (my father opened Wimpy's Hamburger Restaurant in 1933!) I was always told to sell the sizzle – damn the taste! The point being what people see is what creates the lasting impression (minus those who get food poisoning).

So what I'm going to suggest may be off base and not possible given time and resources – I'll let you and Aaron decide whether you can pull it off.

So - Is it possible to secure (additional if necessary) one or two or ? developers just be devoted, page by page, to go through and "clean up" all of those little irritating issues that the customer (CPA's initially) will see right off the bat – make their first impression – that regardless of how the system works will be forever how they view the site – will it be professional in it's appearance and not work quite right, which we can explain, or will it look unprofessional, with a lot of little things wrong, and not work quite right and again, which we can explain. This does include the 100's of things that will not be necessary to go live – the 2's and 3's – but it does include 100's of things that we (Cover Oregon and Oracle) will be judged by.

I know many of the problems identified during the last two run-throughs are corrected in other environments (dev vs production, etc.) and it is a priority on your part in get all of these in sync over the next few days. That by itself will solve some of the "experience and visual" problems. Beyond that, we just need to make sure the prom date looks good when they are picked up – sell the sizzle – the packaging – while focusing on the functionality of the major problems with the vast majority of resources you have.

It is easy to say that "we need to focus only on those things that will let us go live Oct 1st". I agree but only to a point. We do not want to be dismissed before we even begin with a myriad of spelling, wrong labels, field sizes not right, drab pages, links that don't work, etc. We will all look dumb and it will come across as a amateur site. This has little to do with functionality but a lot to do with perception. I know the argument – if we were to do this, what would you give up – my response is don't give up anything, just figure out how Oracle can put the additional resources in to do it.

Probably everyone will disagree with me – my staff, yours, consultants – actually I know they would disagree with me - but step back and have a discussion with Aaron. Take a customer perspective rather than an IT perspective. Again, I do not want to detract from the priority 1's that must be done to go live 10/1 but damn, if the road is going be be bumpy, let me at least be driving a good looking car.

Can Andy from Deloitte help – and I care nothing about ego's at this point. He's not a developer but perhaps he could just go through the site with you and maybe help better bridge their work with yours – just one (not a room full of them) program staff person sitting with who ever you think from your team could drive this. Kelly Harms (my staff) is a great one just to look and point out the small stuff – from a customer view point. We have lists of issues already detailed out. I don't know – just looking for some ideas that will get us to a point where 1,500 agents and 1,300 community parters say "hey, a lot of bugs their working on, but it sure looks good". Not sure we can say that yet.

No need to get back to me – this is just a lone voice up late at night – discuss with Aaron, Chad, Brian, whomever – and just work hard to get this right and ready to go in 13 days.

Thanks,

Rocky

Tabbing functions, info fitting in boxes, the appearance of information that doesn't belong there, colors,

[redacted]

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LAURA BERNIER | PMP

Program Director
Oracle North America Technology & Government Consulting
[redacted]

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Rocky King | Executive Director | **Cover Oregon**
[redacted]

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LAURA BERNIER | PMP

Program Director
Oracle North America Technology & Government Consulting
Troy, Michigan
[redacted]

From: PEARSON Julie [redacted]
Sent: 1/29/2014 1:00:32 AM +0000
To: PETTIT Alex * CIO [redacted]; SHELBY Matthew * COO [redacted]
Subject: FW: Cover Oregon question for KATU News
Attachments: 022113-HIX Program Issues Matrix-2_21-1.pdf

FYI

Julie Pearson-Ruthven, CIO

Secretary of State

[redacted]

"Nurture great thoughts for you will never go higher than your thoughts"

Explore, Connect, Create

From: BLACKMER Gary
Sent: Tuesday, January 28, 2014 4:54 PM
To: PEARSON Julie; WEATHERSPOON Neal E
Subject: FW: Cover Oregon question for KATU News

fyi

From: Lane, Dusty [redacted]
Sent: Tuesday, January 28, 2014 4:52 PM
To: BLACKMER Gary
Subject: RE: Cover Oregon question for KATU News

We got the attached document as part of a public-records request. I'm looking for the audit referenced in Issue 6.

(I believe this is from a meeting involving reps from OHA, LFO and DAS that was run through Julie's office.)

Thanks for your help Gary,

Dusty

From: BLACKMER Gary [redacted]
Sent: Tuesday, January 28, 2014 4:45 PM
To: Lane, Dusty; PEARSON Julie
Cc: GOLDBERG Josh
Subject: RE: Cover Oregon question for KATU News

Hi Dusty,

Can you provide any more context for what you're looking for, or who indicated we had audited Oracle contract issues? We have conducted a number of IT audits but nothing addressing Oracle. If this was a financial audit, we don't necessarily look into every aspect of an agency's activities. In other words, we may have looked at compliance with Federal regulations in a program that involved Oracle, but that doesn't mean we evaluated the contract. In a performance audit we might look at compliance with contracting procedures in general without looking at deliverables.

Gary Blackmer, Director

Secretary of State Audits Division [redacted]

[redacted]

[redacted]

From: PEARSON Julie
Sent: Tuesday, January 28, 2014 4:36 PM
To: Lane, Dusty
Cc: BLACKMER Gary
Subject: RE: Cover Oregon question for KATU News

Hello Dusty,

I am copying Gary Blackmer, State Audits. If there was a SOS audit done, he will be able to get it to you.

Julie Pearson-Ruthven, CIO

Secretary of State



"Nurture great thoughts for you will never go higher than your thoughts"

Explore, Connect, Create

From: Lane, Dusty [redacted]
Sent: Tuesday, January 28, 2014 3:29 PM
To: PEARSON Julie
Subject: Cover Oregon question for KATU News

Hi Julie,

I'm a digital investigator for KATU News, and I'm trying to track down a document or get some clarification for why I can't find it.

Specifically, I'm looking for an SOS audit looking into Oracle contract issues in Feb. 2013. I've found some documents referencing it, but can't seem to track down the audit itself.

I'd really appreciate any help you can give me (or even if you could steer me to somebody who is able to help).

Thank you,
Dusty Lane

ISSUES	DESCRIPTION	EFFECTS/IMPACTS	POTENTIAL SOLUTION(S)	RECOMMENDATION
1. Contract Related	DHS/OHA feels that it is being asked to do things related to the hiring of a QC and IV&V vendor that, while legal from a State of Oregon perspective, may not be legal according to federal laws, rules, and regulations. Note: Previous State CIO requested and received DOJ Counsel review of the FAR and the Opportunity Notice originally issued for HIX – IT QA. DOJ advised that, in its opinion, the FAR did not apply and/or in this case prohibit the hiring of this specific vendor to perform both QA and QC/IV&V. This was discussed in an October 2012 meeting with OHA (Carolyn Suzanne Hoffman) and irrespective of DOJ's assessment, we agreed that the primary objective was to get QC/IV&V on board and would support hiring of an alternative contractor through the Statewide QA Services Contract.			Allow DHS/OHA to hire a vendor other than Maximus to conduct QC and IV&V work on the DHS/OHA HIX IT Project Note: This was agreed to in an October 2012 meeting. The issue has been resolved. 2/21/13 meeting all agreed this is resolved
2. Quality Assurance Related				
a. Single Versus Separate QA Vendors	Should we have a separate QA vendor for CoverOregon and HIX IT (DHS/OHA)? Gartner Group has provided "best practices" advice that either a single QA vendor, or separate QA vendors, for a multi-faceted project can be made to work.	Cost – May be more expensive as QA contractor rates vary by firm Duplication of work – Would require some re-do of work already performed by Maximus Time – Would take time for another contractor to come up to speed	Continue with current arrangement – Maximus serving as QA for CoverOregon and HIX-IT Separate QA engagements. Hire separate QA contractor for either HIX-IT or CoverOregon	Due to the late state of the current single QA vendor approach for the HIX Program, and the limited value in having separate QA vendors (versus a single one), the current single QA environment should be maintained.
b. Validity of Maximus Findings	DHS/OHA often disagrees with Maximus findings, but is not timely in responding to the reports with its concerns. At times, there is a disconnect between what the technical DHS/OHA technical management staff view as an acceptable report and that of the DHS/OHA CIO's office	Delay in timely completion of QA reports – inhibits transparency on project status. Delays agency, DAS CIO, EFO understanding of issues/risks and creates a progressive barrier to timely agency implementation of risk mitigation recommendations as delay in report approval continues.	Define a clear QA Report review cycle. Have DHS/OHA better coordinate their review of the Maximus reports with the DHS CIO's office. Change the org reporting structure for Maximus. Clarify in writing the process for dealing with "disagreements" with QA findings.	2/21/13 All agreed with recommendation
c. Lack of a Defined Timely QA Report Review Cycle	Maximus reports are not consistently being review in a timely manner by DHS/OHA, and there appears to be disconnects to what is		Define a clear QA Report review cycle (including clearly defined review timelines/deadlines). Need for	See next item

GOV_HR00104670

ISSUES	DESCRIPTION	EFFECTS/IMPACTS	POTENTIAL SOLUTION(S)	RECOMMENDATION
	acceptable to DHS/OHA technical management staff and the DHS/OHA CIO's office.		coordination between DHS/OHA technical management staff with the DHS/OHA CIO during the process for review and comments.	
d. Lack of timely DHS/OHA reviews and comments on QA reports	Need to comply with contractually stated timeframe for review and comments (a few business days – not weeks).		Define a clear QA Report review cycle (including clearly defined review timelines/deadlines). Re-educate all involved parties on the contractual review timeframes/deadlines.	2/21/13 all agreed. DAS CIOS to coordinate process definition and education
e. Timeliness of QA Payments to Maximus from DHS/OHA	Payments to Maximus are not always made on a timely basis. This gives the impression to Maximus that they are potentially being retaliated against for what they put into their reports to DHS/OHA. There is a need to comply with contractually stated timeframe for review and comments (a few business days – not weeks)		comply with contractually stated timeframe for review and comments	2/21/13 all agreed. 2/28- discuss with Maximus
f. Perception of DHS/OHA Intimidation/Retaliation of Maximus	DHS/OHA is taking too long to respond to Maximus QA findings, there appears to be some insistence that changes be made to the report that Maximus cannot/will not make. Failure of DHS/OHA expressing professional differences of opinion through the formal agency response vs. disapproval of QA report for technical contents or payment		Define a clear and timely QA report review cycle and a formal process for DHS/OHA to issue a management response to each QA report	2/21/13 all agreed that Maximus must be allowed to do its job without un warranted interference, fear, or intimidation.
g. Perception of Maximus Retaliation on DHS/OHA	DHS/OHA feel that Maximus potentially retaliates for decisions made by DHS/OHA and or comments that Maximus puts into its reports that DHS/OHA doesn't agree with.		Define a clear and timely QA report review cycle and a formal process for DHS/OHA to issue a management response to each QA report	
h. QA Reporting Too Low Organizationally in Both DHS/OHA and CoverOregon	The reporting structure of Maximus in both CoverOregon and the DHS/OHA IT Project is too low. Maximus is overseeing the individuals who must review and approve their findings and payment.		Have Maximus report to either the HIX Program board of directors or DAS/CIO. Due to the fact that CoverOregon is not a state agency, this must be taken into account when deciding who Maximus should report to. There may be a need for a contract amendment and an interagency agreement to memorialize the final solution for this issue where HIX – IT QA is concerned.	2/21/13 all agreed that a process needs to be defined and that the process needs to assure timely review by DHS/DAS/CO, and timely payment to Maximus. We also agreed that the LFO would receive timely reports, but only after DHS/CO/DAS review and approval.
i. Unclear Role of the DAS Chief Information Office in the QA	Should Maximus report to the DAS CIO Office? Should DAS serve as a referee in the		There may be a need for a contract amendment and an interagency	2/21/13 all agreed to execute a contract amendment and interagency agreement

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ISSUES	DESCRIPTION	EFFECTS/IMPACTS	POTENTIAL SOLUTION(S)	RECOMMENDATION
Reports Review Process	report review process? Should DAS be an additional "approver" (i.e. final approver) for Maximus deliverables?		agreement to memorialize the final solution for this issue.	placing DAS CIO as the approving entity for Contract Statement of Work changes, Quality Management Plan changes, and QA status and improvement reports. This amendment is drafted and ready to execute
3. Trust Related				
a. DHS/OHA and Maximus	There is clear evidence that there is a level of distrust between DHS/OHA and Maximus related to a wide-variety of issues (i.e. QA reports, new business, timeliness of payment, feelings of retaliation, unprofessional and hostile conduct etc.)		Investigate professional workplace issues per Statewide and DHS/OHA policies. Respond appropriately based on evidence gathered.	Further discussion at 2/28/13 meeting
b. DHS/OHA and CoverOregon	There is clear evidence that there is also a level of distrust between DHS/OHA and CoverOregon related to a wide-variety of issues (i.e. openness and transparency, teamwork, lack of common success goals, etc.).			Further discussion at 2/28/13 meeting
4. QC & IV&V Vendor Selection	There has been an ongoing disagreement between DHS/OHA and DAS with respect to whether Maximus should also perform all QC & IV&V services on the HIX IT effort. Whether all QA and QC activities are done by a single vendor or by multiple vendors, there are potential challenges. Best practices advice from Gartner Group and QAI indicate that either approach can be effective.		Execute an opportunity notice and obtain a separate QC & IV&V contractor for HIX IT via the Statewide QA Services Contract.	Execute an opportunity notice and obtain a separate QC & IV&V contractor for HIX IT via the Statewide QA Services Contract Note: This issue was decided in October 2012. 2/21/13: All agreed. Contract is ready to allow
5. HIX IT Project (DHS/OHA) Transparency Issues	Both Maximus and CoverOregon feel that the DHS/OHA team is not as open and transparent as to what it is doing as it should be.			2/21/13 all agreed to be careful what we put in emails and that we would be careful of using words (i.e. lack of transparency) which did not accurately describe the QA's concerns or reality Further discussion at 2/28/13 meeting

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ISSUES	DESCRIPTION	EFFECTS/IMPACTS	POTENTIAL SOLUTION(S)	RECOMMENDATION
6. Oracle Contract Issues	Maximus has indicated in several of its QA quarterly reports that there are contractual and accounting practices being utilized by DHS/OHA that are inconsistent with generally acceptable industry best practice procedures.			2/20/13 meeting it was acknowledged that this issue has been solved. A SOS audit found everything in order
7. DHS/OHA as "Systems Integrator" Issue	Maximus has reported that DHS/OHA's decision to act as the "systems integrator" for the HIX IT Project is not what is typically done. They have reported major concerns on the effectively of this approach and the difficulty in provide QA/QC services in this type of environment.			Discuss at 2/28/13 meeting
8. Operational and Financial Impacts	It has been reported that CoverOregon intends to transition away from DHS/OHA Shared (Foundational) services provisioning and establish its own instance (entire technology stack) of HIX to be operated and maintained by CoverOregon (beginning in January 2014). This establishes a duplicate and redundant infrastructure and appears to remove significant ongoing cost sharing/funding from DHS/OHA. Operational budget impact of this development is unknown to DAS/CIO and LFO at the present time			Discuss at 2/28/13 meeting
	DHS/OHA OIS is apparently undergoing a major reorganization. This has been accompanied by key staff retirements and transitions out of the agency. Key staff loses (Project Management staff in particular) may put status of HIX-IT and all other DHS/OHA OIS projects at risk. Impact of reorganization and staff losses is unknown to DAS/CIO and LFO at the present time.			

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From: Lawson Carolyn
Sent: Saturday, August 18, 2012 8:13 PM
To: Humphreys Tracey J
Subject: RE: Cognosante Press Release....

No more working? Isn't that the pot calling the kettle black?? :-)

Thanks for looping around with Cognosante. There is a lot of money to be made if someone can say they are Oregon"s system integrator. In the circles I run in, the vendors are placing bets we will fail or we will have to bring in an SI. Cognosante has not been too far removed from those conversations. Many states are wanting anything that Oregon is doing. Millions of dollars are literally at stake. I do not want ANYONE depicting themselves as the Systems Integrator other than the state of Oregon. Rumors are flying that we are on the edge of failure because we are trying to do it ourselves. That is in part why Oracle is stepping up so much. They really want this to work and us to suceed.

BTW, I miss those candid conversations too.

Have a good weekend.

Carolyn Lawson
Chief Information Officer
Oregon Health Authority and
Oregon Department of Human Services
[redacted]

From: Humphreys Tracey J [redacted]
Sent: Saturday, August 18, 2012 7:46 PM
To: Lawson Carolyn
Subject: Re: Cognosante Press Release....

Hey you! Yesterday was a furlough day ...(and my anniversary) ... Which means no work! I have been under the weather this week so catching up on emails now

Yes it is a bit boisterous ... I don't think they meant any malice but it is misleading ... They are not the SI , they are the vendor responsible for the external interface development... I still think they were a good choice, if anything they will be waiting on us to provide requirements (sound familiar).

I will get them to re-write this and will proof it ... (sorry I didn't proof it as I was out ill wednesday)

I wish we could see each other...need one of our candid check ins ...

Enjoy your weekend ... No more working...

Tracey

Tracey Humphreys
Oregon Health Authority
Office of Information Systems
Manager of Federal & State Collaboration and Reuse
[redacted]

On Aug 17, 2012, at 7:02 AM, "Lawson Carolyn" <[redacted] wrote:

> It goes through me first and I do not approve.
>
> They are not the lead SI, the state of Oregon is. They are not lead anything really, their role is small relative to the scope of HIX and or Modernization. It also appears to me that the experience they listed not the experience of the consulting firm, but rather experience of individuals prior to joining the firm (I could be wrong but that is what it looks lille it to me). My view is there are some significant discrepancies in the facts as they have chosen to present them.
>
> This whole thing give me reason for great pause. It they are willing to stretch the truth so far publicly in a press release, can we trust them as working partners? I am starting to feel like we may have made the wrong choice.
>
> Carolyn Lawson
> Chief Information Officer
> Oregon Health Authority and
> Oregon Department of Human Services
> [redacted]
>
> [redacted]
>
> On Aug 16, 2012, at 11:09 AM, "Humphreys Tracey J" [redacted] wrote:
>
> Do you know whom would approve a press release?
>
> > From: Humphreys Tracey J
> > Sent: Wednesday, August 15, 2012 8:51 PM
> > To: Cordle Rosilyn A
> > Subject: Fwd: Cognosante Press Release....
> >
> > Hi Rosie,
> >
> > Do you know who could approve a press release for Cognosante - they are our new interface vendor for MAX.

See attached.

Tracey Humphreys
Oregon Health Authority
Office of Information Systems
Manager of Federal & State Collaboration and Reuse
[redacted]

Begin forwarded message:

From: "KLIMOWICZ Ed"
[redacted]

To: "Humphreys Tracey J"
[redacted]

Cc: "Mcintyre Nancy A"
[redacted]

Subject: FW: Cognosante Press Release....

Tracey,

Please forward to the appropriate person or group. Maybe, Nancy should be the initial contact in OIS.

Ed

From: David Rudolph
[mailto:[redacted]

Sent: Wednesday, August 15, 2012 2:58 PM

To: Ed.Klimowicz[redacted]

Subject: Cognosante Press Release....

Ed:

Attached is a draft of our press release for our OR HIX contract. Would you mind sending this over to Carolyn Lawson to get her approval? Frankly I am not sure she would recognize my name.

Thanks,

Dave Rudolph

Cognosante Program Director

[redacted]

<FINAL DRAFT OR HIX Press Release 08 15 2012.docx>

From: Lawson Carolyn
Sent: Monday, October 15, 2012 9:51 PM
To: [redacted]hawaiihealthconnector.com
Subject: Hello from Oregon

Aloha Rose,

I just heard you were about to award for your exchange. Congratulations!

Please let me know if we can be of any assistance. We are on track for completing development in April (including all Medicaid eligibility and enrollment and all interfaces, internal, federal and carrier) with UAT through June, soft launch in July and full go live in September. Anything we have developed to date is available to you without charge if you are using the same Oracle platform we are, which I understand you are.

Oregon is acting as our own Systems Integrator, meaning we are not hiring a vendor to do the work for us. Made a bunch of them mad and they are saying all kinds of nasty (and untrue) stuff. Such is life I guess... It is going very well for us here in Oregon despite the best efforts of many vendors to color it differently :-) We are happy to share what we have with any state, Hawaii included if that is helpful. There are restrictions against sharing with vendors so we will need to have a confidentiality agreement if you are interested. We would love to include Hawaii in some of the joint development we are doing With a couple of other states. Let me know if you want to explore that as well We would love to add you to the mix. Please feel free to reach out at any time.

Best,

Carolyn Lawson
Chief Information Officer
Oregon Health Authority and
Oregon Department of Human Services
[redacted]



Centers for Medicare & Medicaid Services
Office of Information Services
Consumer Information and
Insurance Systems Group

Technical Assistance Report For:

Oregon Health Insurance Marketplace



For Limited Distribution

Version 1.0

February 27, 2014

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1. Introduction

1.1 Background

To implement the provisions of the Patient Protection and Affordable Care Act (PPACA), the state of Oregon is creating the Oregon Health Exchange, a new State-based Marketplace. The Oregon Heath Marketplace is independently operated by Cover Oregon (CO) and is to act as the common front door that citizens use to gain access to affordable health insurance and Medicaid based on Modified Adjusted Gross Income (MAGI). The Oregon Health Authority (OHA) administers the State's Medicaid Program. To implement the information technology (IT) system that supports the Marketplace, Oregon was awarded an Early Innovator Grant from the Centers for Medicare and Medicaid Services (CMS). Oregon chose to act as its own system integrator and partnered with Oracle to develop their solution in June 2011.

1.2 ACA Implementation in Oregon

ACA requires that States implementing a Marketplace first determine eligibility for Medicaid or CHIP based on current Modified Adjusted Gross Income (MAGI). If the applicant is ineligible for Medicaid or CHIP, the State must then determine eligibility for subsidized coverage (also known as an Advance Premium Tax Credit – APTC) before offering unsubsidized coverage through a process that allows the applicant to compare plans and select the one they prefer.

CO has chosen to build a single web-based portal that will make eligibility determinations and allow citizens to shop for plans. Applicants considered eligible for Medicaid or CHIP are enrolled through Oregon's Medicaid Management Information Systems (MMIS). Applicants eligible for subsidized coverage and those who want to purchase unsubsidized plans are enrolled in plans through the Health Insurance Marketplace.

In addition to determining program eligibility and supporting enrollment, the Marketplace offers key functions such as plan management, financial management, Small Business Health Options Program (SHOP), customer service, and outreach and reporting.

1.3 CO HIX Implementation Issues

Oregon's Marketplace solution consists of a suite of mostly Oracle, commercial off-the-shelf software. Throughout the project, there have been challenges in that Oregon has continued to be behind schedule with the delivery of artifacts, demonstrating key functionality and meeting CMS testing timelines.

Prior to October 1, 2013, CO, realizing that full functionality would not be ready, started focusing on implementing a Day 1 contingency plan which consisted of full functionality via an "internal portal" for community partners and agents. Through a public facing external website

individuals can complete anonymous browsing of plans and locate a community partner/agent for further assistance. Individuals contact the community partner/agent and the community partner/agent completes the application with the individual, via the internal portal. However, throughout the month of October, the internal portal available to community partners/agents suffered issues as well and eventually the functionality was scaled back so that only paper applications were accepted and routed to customer service representatives (CSR) to enter application data into the back office Siebel system. Additional functionality to determine eligibility was launched in early November for the internal portal only. Because of the huge manual processes, additional CSR staff was brought in to support the manual processes. Also, the Oregon Health Authority (OHA) provided staff to assist with this process.

CO has set target dates for a full launch in October, November, December, and January, but has missed these dates due to unresolved critical defects, performance issues in the various environments and incomplete deliverables such as additional infrastructure environments, performance tuning and performance testing results.

1.4 Scope of Work

CMS has requested IT and systems engineering assistance from its partnership with The MITRE Corporation through the CMS Alliance to Modernize Healthcare (CAMH) Federally Funded Research and Development Center (FFRDC). MITRE has had substantive knowledge and understanding of the CO's systems development life cycle. Additionally, MITRE has also provided technical guidance and assistance through its engagement with CO in supporting and assessing various stages of development through gate reviews.

The goal for the FRRDC technical assistance effort was for MITRE to provide technical expertise and advice to CO regarding the technical design and development work being performed by CO's systems developer, Oracle.

This work consisted of the following activities:

1. Review of known technical defects, issues and weaknesses within the implemented solution stack.
2. Evaluate existing technical artifacts specifically focused on the use of Oracle OPA, Web Center and Siebel. Artifacts to be reviewed included the Marketplace System Design Document, ICDs, Database Design documents, and any relevant detailed design documents.
3. Collaborate with both CO, and the development team to understand the context in which design decisions are being made, and the constraints of their Marketplace solution.
4. Make recommendations (based on analysis) to CO regarding approaches to resolving technical problems and risks related to the design.

1.5 Purpose of This Document

This document provides the findings and recommendations from the CMS State Engagement (SE) Team's review and assessment of the CO HIX System. The SE team consisted of representation from CCIIO, OIS and MITRE. This document contains the approach used for capturing observations based on inputs from the CO stakeholders and provides suggested actions to CO on how to improve specific areas of the system engineering solution.

CO remains responsible for the disposition of recommendations herein - IT direction, decisions and funding - in working collaboration with CMS.

1.6 Approach

The CMS SE Team executed a methodology utilized with other states who have recently requested detailed technical assistance. This methodology is based on a series of workshops and interviews designed to facilitate the collection of information from specific stakeholders in the targeted topic areas. The CMS SE team captured observations during meetings which occurred January 13 – 16, 2014. The CMS SE team collaborated with CO to compose an agenda for the four-day technical assistance (TA) series of sessions and demonstrations around the topic areas specified by CMS/MITRE. The following core topics in the agenda were:

- IV&V Observations and IV&V Tool Demonstration
- Infrastructure
- Change Management/Configuration Management/Environment Management
- Testing Methodology
- Software Development Methodology
- Release Planning and Management
- Daily Scrum Meetings (Eligibility & Enrollment and Plan Selection)
- Performance Test Report Review
- Architecture Review
- System Demonstration
- Disaster Recovery and Continuity of Operations Plan (COOP)

The CMS SE team participated in various types of engagement with CO:

- Workshop style sessions with Subject Matter Experts (SME)
- 1:1 meetings with specific individuals as needed (usually as a result of specific items being identified in the workshop sessions)
- Attending standing CO project meetings

During the engagement sessions, the CMS SE team had the flexibility to probe and to conduct in-depth conversations with the participants.

Each session was conducted in an open and collaborative atmosphere. The non-CMS SE participants were technical individuals from the CO IV&V team, various representatives from Oracle Consulting Services (OCS), CO independent contractors, and CO management. The meeting participants were encouraged to be forthright and forthcoming. The main focus of each meeting was on collecting and verifying information and not on casting blame for the current state of Oregon's Marketplace solution. Participants demonstrated significant commitment, respect, and recognition related to the fluid nature of the session agendas and support for the ad hoc discussions that evolved.

2. Concerns Identified Prior to the Assessment

During initial level-setting discussions prior to the assessment, the CMS SE Team expressed several concerns. Broadly speaking, these concerns involved the stability of CO's solution, system performance, changes of projected dates for delivering full functionality, and overall management of the project. The following subsections present a brief list of composite topics identified by the CMS SE Team.

2.1 Project Management

- There are limited resources dedicated to the Project Management Office (PMO) functions. The primary focus is on the IT build and little attention is given to other areas such as communication and training which is essential when implementing a system of this scope. Other key roles and responsibilities found in a traditional PMO appear to be lacking.
- The schedule is deficient in that it lacks high-level and/or low-level details highlighting overall project activities other than IT.
- There is no detailed implementation plan for each release.
- There is a lack of transparency in the CO's project management. The delivery of outstanding artifacts to CMS is and has not been a CO priority.

2.2 Contract Management

- There have been challenges with CO being able to hold Oracle accountable for needed deliverables by key dates.
- There is no visibility by CO into OCS' activities. Therefore, there is a substantial dependency on OCS for almost everything that is time sensitive (e.g. schedule, fixes, releases, etc.).
- There are collaboration and communication issues between CO and the OCS.

2.3 Software Management

- CO uses JIRA, an Atlassian issue tracking product, to capture, track and report on all defects and change requests which appears to meet the needs of Cover Oregon. However, there are concerns with Cover Oregon's overall processes for managing defects and change requests due to the reoccurrence of previously corrected defects in higher level environments. There is no sign of a robust release management process. Each migration of code to a new environment is often followed with downtime due to release issues.
- Configuration management is difficult and complex as Siebel has no code branching (revision control) capabilities. If there are any problems with a build installation, the system cannot be restored to the previous state in an efficient manner for Siebel.

2.4 System Environments

- The CO solution stack is comprised of almost every single component/product in the Oracle product portfolio. While there are other State Based Marketplaces utilizing elements of the Oracle product portfolio, CO has, without doubt, the most complex mix. As such, there are myriad Oracle technical resources required to maintain and support the system.
- With respect to system performance, load, sustainability and functional (end to end) testing, OCS, to date, has not provided CO with a comprehensive suite of test results/reports.
- With respect to the CO production environment, OMCS has provided very little insight into their disaster recovery and continuity of operations test plan. To date, OCS has not provided any corresponding results from DR testing.
- The system environments are not stable and are affecting testing, development and activities.
- There is no true development or true test integration environments for developers and testers to properly test their code and test cases respectively. This creates an issue with untested code being introduced into the production environment; without first being migrated through the UDEV/FTS/Pre-Prod environments.

3. Findings

This section contains the basic findings from the CMS SE Team technical assistance review of January 13 – 16, 2014. Observation details used to support the findings listed in this section are found in appendix A. At the time of this review, the CMS SE Team learned that CO had implemented and improved some key processes within the past three months and that they were targeting to implement Release 1.1 by February 1, 2014. Even with the improvements implemented over the past three months, these findings still remain. The following sections summarize the key areas:

3.1 Project Management

3.1.1 Project Management Team

CO has staffed an IT project management team, but there is no overarching dedicated Project Manager who should be responsible for overseeing the project to drive overall project activities and keep everyone on track with targeted deliverables. Without a dedicated Project Manager in place, while the IT PM team is able to produce a very high level schedule of key targeted dates for the system, there is no integrated project schedule (or master project schedule) with key dependencies and milestones (consisting of critical IT and non-IT milestones) of all of the teams and stakeholders needed to roll out a release. Also, without a dedicated Project Manager, there is no obvious person within the organization responsible to ensure that all OCS deliverables and activities are performed according to the contract terms (further detailed in section 3.2). Without a dedicated Project Manager there is little, or no, ability to escalate schedule and scope deviations of development, testing, releases, etc. to the CO leadership team.

3.1.2 Project Management Tools

Daily technical sync meetings occur between CO and OCS to go over the status of key areas such as critical JIRA cases, system environment configuration updates, and testing. CO uses standard Microsoft Office tools such as PowerPoint, and Excel to track action items and/or issues. However, CO is not employing Microsoft Project (or any other mainstream project management tool) in order to track schedule, etc. As such, the overall project tracking process is cumbersome and difficult for data analysis or to trace any history of updates.

3.2 Contract/Vendor Management

There is no evidence that CO has established good contract administration processes, or that OCS' activities are being closely monitored to make sure that they are fulfilling the requirements of the contract. This, in conjunction with the findings in section 3.1.1, speaks to a significant portion of the root cause for the delay in the CO solution.

CO has limited visibility into OCS' activities and it appears that there is not a clear understanding between Cover Oregon and OCS as to what the expected deliverables are. An example of this is the misunderstanding on the performance testing task. CO was expecting performance testing results and OCS was working on a performance tuning report.

There is a substantial dependency on OCS for time sensitive deliverables (e.g. schedule, fixes, releases, etc.). However, it appears that CO does not have any leverage in their contract to make OCS accountable for missing key deliverables.

There is a prominent presence of OCS staff onsite. Moreover, there is a significant number of OCS developers dedicated to each of the functional areas of the overall development effort. It is suggested that there may be a lack of appropriate skillset involved in the makeup of the development teams (a possible example of throwing bodies rather than skillset at a problem).

With this significant footprint of onsite developers, the related expenses associated with accommodating onsite gives rise to the increase in the projected burn rate, it is suggested that this approach may not be cost effective as this will impact the availability of funding to complete development of additional functionality needed for the open enrollment period in 2015.

3.3 System Environments

During the on-site visit, it was noted that CO recognized that a number of testing and subsequent production issues have been born out of inconsistent configuration management across the various system environments. CO had initiated an effort to synchronize the configuration content of the test, performance and pre-prod environments. A subsequent effort would also synchronize the production environment configuration. However, there is still a need for additional environments: true development and true integration test. Not having these separate environments affects the developers and testers abilities to conduct thorough and consistent testing across the suite of environments.

During interviews with CO staff, it was stated by the senior CO contractors that the production system experiences memory and performance issues at least once a day which affects the productivity of users. The fix for this problem is to reboot the system which further interrupts the availability of the system. Ideally, the system environment should be up 24/7 with periodic scheduled maintenance windows.

There is a lack of communication regarding system availability which has a negative effect on testers' ability to test cleanly and efficiently with respect to knowing when the system is available to them for testing purposes. There was no evidence that OCS has provided a copy of any variance reports which will help testers to identify the changes in a release that need to be tested. CO testers have requested these reports, but as of the writing of this report, have not received them.

During the review, a demonstration of system functionality was provided. During the demonstration, there were noticeable delays in the calls to the Federal Data Hub Services and the navigation through Plan Selection.

3.4 Software Management

The tracking of configuration management history is an industry standard and best practice with respect to monitoring and tracking changes of a system. It is not known whether or not OCS is following these standards. However, CO does not have visibility into the configuration management history of their system environments. While OCS does utilize SVN for code management, there is no formal tool in place for system build configuration management. Without this insight into the environments, CO faces challenges in being able to manage their own system and/or bringing other vendors on board if a future decision to terminate the OCS contract is made.

The functional team leads (the "mini project managers" from each of the OCS developments teams) daily agile scrum meetings were initiated in mid-October, 2013 and were continuing to take place during the on-site visit. The scrum meetings consist of a review of open JIRA cases with the OCS developers and the business analysts/testers. The scrum meetings have helped CO's ability to communicate with the developers, but CO could benefit from having a trained scrum master familiar with true agile scrum processes.

CO is facing challenges with any release that incudes Siebel changes. Siebel has no code branching (revision control) capabilities. If there are any problems with a build installation, the system cannot be restored to the previous state in an efficient manner. Rather, the Siebel environment has to be re-built and deployed to the previous version which, in its own right, has not been seen to operate in a consistent manner.

As reported by CO, the OCS staff is using a software version control tool, Subversion (SVN), to analyze changes in the various software versions. However, CO does not have available to them the analysis report nor access to the tool to create its own change analysis reports. While CO has requested these reports from OCS, they have not been produced. This issue speaks to further concerns around contract and vendor management (section 3.2).

With the provision of an on-site release manager, CO has been able to get visibility into the OCS release management plan. The release manager gains knowledge of all of the JIRA case updates and system configuration activities via the daily tech sync meetings. Also, there is evidence that OCS is sharing the release notes with CO. This is unquestionably a positive action.

3.5 Testing

The testing team has a standard set of 23 scenarios used for regression testing. These test scenarios do not appear to be sufficient to adequately conduct regression testing for the Marketplace system.

There is no evidence that formal processes such as the writing of test cases and/or scripts and mapping these test cases to use cases and requirements are being followed. This was evident from the demonstration of how JIRA cases are recorded with no references to use cases or requirements.

3.6 Additional Items

The following additional issues are also of note:

Dependency on OCS resources – there is a significant dependency on OCS' staff members; many of whom do not have extensive knowledge and experience in a formal software development life cycle. The lack of any formal SDLC has had a significant contribution to the root cause of the delay in the delivery of the CO solution.

Onsite technical resources – CO has two technical contractors (contracted by CO directly) onsite who are knowledgeable in Oracle and Siebel products. However, CO faces challenges with recruiting geographically local experienced IT staff.

Funding Issues – In missing the October 1, 2013 full launch, CO is burning their funding rapidly with the addition of staff hired to assist with the manual processes and has not planned anything beyond the full individual launch Release 1.1. CO communicated that funding additional tasks (e.g. a re-architecture effort) will be financially challenging for the state; however, CMS is committed to working with States to ensure that individuals get health insurance coverage which may include additional funding for IT development.

4. Suggested Actions for Consideration

From interviews with the CO team, improvements in various areas around system development practices and infrastructure environment configuration management for the Oregon Health Insurance Marketplace have been made since the ORR (September 12 &13, 2013). Oracle has made progress in several systems engineering areas as evidenced by recent releases being delivered on time, and a stabilization of the system which has allowed CO to provide successful demonstrations of full functionality to stakeholders. However, there are still significant performance issues with the system such that, while the core functionality exists, the end user experience would be significantly diminished. Engaging in these improvements, while clearly showing progress, were not begun soon enough in the overall program timeline.

Based on the observations from the week of engagement, and based on prior knowledge of the CO program, the CMS SE Team suggests CO consider the following actions to address the known issues with the CO Marketplace solution and to aid in being able to move forward with a full launch of functionality and to respond to required changes in the system to support the mandates of the PPACA program. If CO is interested in implementing any of the suggestions herein - IT direction, decisions and funding – CMS is poised to provide technical assistance as necessary to effectuate the change.

4.1 Configuration Management

- *Create an environment product map*
  As part of the environment sync effort, CO should ensure that OCS provides and maintains an environment product map for each discrete environment. It is highly recommended, and consistent with industry best practices, to track the product versions installed in each environment.
- *Transfer configuration management responsibility*
  CO should consider taking ownership from OCS of the overall configuration management process and execution. This will give CO a better perception and comprehension of what is configured and will assist in more accurate program timeline estimates.
- *Request configuration report of system environments*
  CO should request from Oracle, configuration reports for each of the system environments. This information is crucial for CO to troubleshoot environmental issues especially in the production environment which cannot afford to have unplanned system downtime.

4.2 Change Management

- *Analyze data and utilize it to isolate problem areas*
  CO should acquire and/or develop additional data analysis reports on various aspects of the system and understand their subsequent usage. JIRA is one source of information that can be

utilized to identify problem areas. By utilizing the available information in JIRA, problem areas can be better isolated. IT releases can be prioritized, and resources can be enhanced.

- *Conduct a detailed analysis into the existing OCS change management process*
  CO should perform a detailed analysis of the current OCS change management process and determine the steps necessary to institute a single, streamlined process to improve the control and management of the overall change management function.
- *Transparency into the OCS SVN environment*
  OCS should provide CO access to the SVN environment. At a minimum, OCS should provide CO with detailed reports specific to code management.

4.3 Release Management

- *Continue to improve the release management process*
  CO should be more involved in Oracle's release management process. This is especially important when OCS revises the process to align with CO's expectations.
- *Add a step to the release management process to create a rollback plan*
  As mentioned in section 2.3, the OCS code versioning does not allow for branching and as a result some unwanted code elements are included in certain software builds. Therefore, it is suggested that OCS provides a rollback plan for every release so the system can be restored to the previous state in an efficient manner.
- *Take control of direct process execution*
  It is suggested that if CO were directing the process execution, inconsistent migrations of code updates can be minimized (e.g. moving from FTS into Prod without first going through Pre-Prod).

4.4 Testing

The recommendations in this section are for both the IV&V testing and integration testing teams.

- *Improve inter-team testing information sharing*
  As part of the overall development and testing methodology, CO should institute the ability for the test teams to gain access to the developer unit test results. This may reside within the data in the JIRA environment.
- *Communicate timelines and availability of environments that affect testing*
  The CO testing teams would be more effective if they were fully informed of system availability and build deployment schedules. Information about environment availability and timelines for testing should be shared between the infrastructure and testing teams.
- *Request that OCS share specific information with the IV&V contractor*
  To enable accurate IV&V assessments, CO should request that OCS share variance and other reports with the IV&V contractor on a regular basis.

4.5 Performance and Load Testing

- *Develop a performance testing strategy*
  CO should immediately work with Oracle on a performance testing strategy. This should include the short-term goal of assessing the break point (in terms of concurrent users) of the solution. CO should initiate discussions with Oracle on performance testing and identify options/recommendations for improvement. CO should review the current contract with Oracle to make sure that there is a clear understanding of what is expected for the various deliverables from Oracle.
- *Enable Oracle and the CO IV&V team to collaborate and cooperate on testing*
  CO leadership should open discussions with the CO IV&V team and Oracle to jointly execute the required load and performance tests.

4.6 Disaster Recovery and Continuity of Operations Plan (COOP)

- *Obtain failover test results and establish a failover test schedule*
  CO should obtain from OMCS the results from the failover test performed in September 2013. In accordance with the OMCS contract, CO should require OMCS to establish a failover test schedule and plan with the first test occurring within the first two weeks after full production operation is implemented.

4.7 Architecture

- *Optimize system architecture*
  Based on the team's observations, the CO architecture and data model deserve significant review and re-work. CO should perform an in-depth analysis of the current architecture to identify opportunities for reducing complexity. After this is completed, CO should endeavor to simplify and streamline the architecture by reducing the Oracle product footprint, reducing the number of integration points, and simplifying the overall structure and deployment without inhibiting the overall functionality of the system.
- *Transition and ownership of the system architecture from OCS*
  CO should transition control and ownership of the system architecture away from OCS. This will allow CO to more easily consider alternative solutions and mitigate resource turnover. This could be achieved by hiring a system architect or by further engaging the current independent technical contractors (i.e. Tom McIvor, and Garrett Reynolds) currently working with CO.

4.8 Project Management

- *Consider establishing a formal, centralized program management office (PMO) and a dedicated Project Manager*
  CO would reap significant benefit from having a formal, centralized PMO to oversee the Exchange program management responsibilities. In addition, establishing an overarching and dedicated project manager (a role not currently in place) who would perform every aspect of project management, e.g., maintaining an integrated program schedule, ensuring artifacts/documentation are up to date, necessary communication/coordination is occurring among program stakeholders, etc. The PMO and project manager would be primarily concerned with ensuring all interdependent tasks can be performed in parallel in order to meet the schedule timelines.
- *Transition of program roles and responsibilities*
  Due to the history of issues with OCS' performance and transparency[1], reinforced by observations during the TA workshops, CO should examine other roles and responsibilities held by OCS and consider transitioning some or all of them to CO resources, or other technology partners. CO should take steps to assume overall control of project and development activities from OCS, including the managing of the CO project timeline and its implementation. As with the system architecture responsibilities, CO should develop an internal transition plan for targeted roles and responsibilities held by OCS and begin efforts to identify and acquire development and other resources that report directly to CO.
- *Adopt a project management tool with more functionality to track action items/issues*
  As noted in section 3.1.2, CO is using standard Microsoft tools such as PowerPoint and Excel to track action items and issues. CO would benefit from adopting a tool with additional functionality to give them the capability to track history of action items and/or issues.

4.9 Development / Agile Process

- *Engage a formal agile development methodology*
  As CO obtains greater control over the development resources and project management, CO should consider embracing an agile methodology in a more formal manner. This could be achieved in part by having one or more resources formally trained as a Scrum Master to plan and facilitate the daily scrum meetings. Subsequently, engaging in formal agile methodology training for others on the CO team would instill more discipline to the overall process and would help mature the home grown processes currently in place.

[1] In addition to issues previously reported by CO, the CMS State Engagement Team has observed this pattern of behavior from OCS on prior Lifecycle Consult engagements with CO. These observations are not included in this Technical Assistance report but are referenced in support of the suggested action.

4.10 Additional Items

In addition to the core areas suggested for consideration, the CMS SE team also suggests the following actions:

- *Modify roles and responsibilities of independent contractors*
  Giving more decision authority to independent contractors (i.e. Tom McIvor and Garrett Reynolds), would assist CO in progressing faster in their IT development and solution.
- *Examine the long-term future of the Cover Oregon Marketplace implementation*
  CO should examine the long-term future of the Marketplace implementation in terms of cost and the necessary skillsets for overall program management and operations. This will help CO prioritize their list of necessary actions in terms of resource management and improving their system architecture; along with maturing the long-term plan for supporting the system in terms of funding, people, tools, processes, etc.
- *Begin forming a transition plan*
  CO has already initiated a transition plan to replace OCS. It is highly recommended to further identify a more appropriate technology partner(s) for specific program roles and responsibilities
- *Share information needed prior to meeting*
  CO should impress upon the contractors a behavior of sharing information in a timely manner with the tech sync meeting facilitator/administrator. This will ensure all the latest issues that are blocking progress are discussed in the meeting and obtain commitment for improvement from the right individuals.
- *Establish a single facilitator to lead the* daily tech sync *meeting*
  It was not clear who was the facilitator in the daily tech sync meetings. Due to the dynamic nature of the participants present in the meeting, a formal facilitator is needed to bring control and discipline to the meeting. If the facilitator is in a remote location, a designee who can be physically present in the meeting should be appointed.

Acronyms

CAMH	CMS Alliance to Modernize Healthcare
CCB	Change Control Board
CI	Continuous Integration
CMS	Centers for Medicare & Medicaid Services
CO	Cover Oregon
COOP	Continuity of Operations
DR	Disaster Recovery
FFRDC	Federally Funded Research and Development Center
HHS	Department of Health and Human Services
IT	Information Technology
IV&V	Independent Verification and Validation
OATS	Oracle Application Testing Suite
OCM	Oracle Configuration Management
OCS	Oracle Consulting Services
OEM	Oracle Enterprise Manager
OMCS	Oracle Managed Cloud Services
OPA	Oracle Policy Automation
PMO	Program Management Office
RAC	Real Application Cluster
RPO	Recovery Point Objective
RTO	Recovery Time Objective
SI	System Integrator
SDLC	Software Development Life Cycle
SME	Subject Matter Expert
SOA	Service Oriented Architecture
SVN	Apache Subversion
TA	Technical Assistance

Appendix A. Observations during Assessment

This section contains observations captured during the CMS SE Team technical assistance review conducted on January 13 – 16, 2014. These observations were used to support the findings and suggested actions for consideration listed in sections 3.0 and 4.0 of this document.

Significant transparency issues exist between CO and OCS and it appears to be a contract management issue. Examples of this are:

1. There are instances (e.g., performance testing) where CO has a significant gap in their work expectation from OCS vs. the actual work OCS is performing.
2. OCS did not present any evidence to demonstrate that they are managing the scope of functionality in their releases.
3. When asked to present or report on the progress of various deliverables and activities, OCS indicated to CO that this is not within the scope of their contracts.

CO demonstrated a significant lack of confidence in OCS' performance based on a variety of evidence, i.e.:

- An overall lack of timeliness and quality with regards to solution delivery
- The clear and obvious lack of transparency
- The lack of cooperation with other contractors (e.g. the IV&V contractor)
- The associated financial burdens which have been placed on the program.

A.1 Configuration Management

A.1.1 System Environment

CO conducts weekly operational meetings with Oracle Managed Cloud Services (OMCS) where software and infrastructure configuration management decisions are made regarding the patches and products that will be released into the various environments. CO currently has six system environments that are maintained by OMCS:

- UDEV – Used for development and unit testing.
- FTS - Used for functional, integration and IV&V testing.
- Pre-Prod – This environment is a mirror of the production environment and is used for regression testing of code prior to migrating code to production.
- PERF – Used for performance testing.
- Prod – This is the production environment.
- DR – Used for disaster recovery and is a mirror of Prod.

Two additional environments are planned for the future: one will serve as a true development environment and the other a true testing environment. Currently, the FTS environment is being shared between the testing teams for functional, integration and IV&V testing. Typically, these environments are separate. As a result, the testers are facing challenges to test their test cases successfully because the various testing activities interfere with each other. The issue could be code or environmental issues where developers promote code changes to the same environment while testing activities are in progress.

In November 2013, CO added a pre-production system environment (Pre-Prod) which mirrors the existing production environment. The utilization of this environment allows CO to perform regression testing prior to migrating code to Production, to minimize the number of unanticipated and unforeseen production issues.

During the onsite visit, the environment configurations (component and product versions) for FTS, PERF and the Pre-Prod environments were not in sync; however, CO communicated plans to sync these environments by January 18, 2014. The production environment would be included in the configuration sync plan by January 27, 2014. (Confirmation on the syncing of these environments was provided on February 3, 2014.)

A.1.2 Software Migration

Prior to September 2013, OCS was in a mode of delivering large code drops into the test environment with little notice or information for the test teams to work with. Once the test teams were able to test, the number of new defects identified was growing faster than the number of defects cleared. This resulted in the number of defects in new or open statuses continuing to rise rather than decline.

Post September 2013, CO/OCS adopted a more iterative methodology such that there was more frequent code migration process from UDEV to the FTS environment. With smaller changes in content and function between drops, this reduced the code cycle time between unit testing and integration testing as fewer defects and configuration changes needed to be addressed.

However, OMCS/OCS does not provide CO sufficient visibility into the configuration history of the various environments. This observation is based on responses given during individual sessions with the senior CO contractors responsible for the engagement with OMCS. There have been instances when code has been pushed from UDEV to the FTS environment without CO's knowledge. CO does not have access to the SVN tool to do delta analysis on the code base. CO and OCS have initiated a joint effort to improve the overall configuration management process.

A.2 Change Management

With JIRA as CO's change management core, CO now has a robust method for defect and change request logging, tracking, assessment, prioritization, and management.

While the level of data capture is highly detailed, there are still opportunities for extended reporting, specifically around the history of changes at the component and product level. However, CO is not currently analyzing or reporting data/information collected through JIRA to isolate a problem area (e.g. code modules which are frequently subject to "check-out"→"check-in" →"check-out" →"check-in" →etc., across multiple defects and also when defects move from "open"→"closed"→ "open"→"closed", etc.)

OCS is performing some data analysis but is not providing CO with the results. Such data analysis would help CO identify areas of their system that need more attention and possibly, this information could possibly be used to enhance their resource management as well.

From CO's demonstration of JIRA, it is clear that they are utilizing the tool astutely to improve their change management processes. However, in the demonstration, there was no mention of JIRA cases being referenced back to requirements or use cases to verify if the requested change to the code is within scope.

CO's Change Control Board (CCB) meets weekly, at a minimum. It is recommended that there should be joint involvement from both the business stakeholders as well as IT to determine priority of the JIRA cases in order to meet the overall business needs.

CO has no visibility into the OCS change management environment. CO has no details on how OCS is managing their code base. OCS uses a source code version control tool, SVN for its code management, but CO does not have access to the SVN environment or full exposure to the changes being made. If CO had insight into the code management details, they could potentially better identify and understand the root causes for certain code issues. Without this insight, CO is completely dependent on OCS for the explanation of the issues. Moving forward, CO should consider taking control of the system engineering processes and tools.

A.3 Release Management

OCS is in charge of CO's release management. CO stated that their release management process has improved since they brought a full-time release manager (provided by OCS) on-site to work more closely with the team. The release manager is responsible for scheduling and managing code migrations between the three environments – FTS, Pre-production, and Production.

There are two types of code migration, specifically releases and surgical, from one environment to another. The releases are planned large code migrations whereas surgical code pushes result from urgent JIRA cases related to isolated defects within an existing release. The environments are backed up on a daily basis.

CO's release process has improved since the introduction of a formal release manager, however the software build process is still at an immature stage. The OCS code management and software build processes do not allow for version branching. As a result, there are frequent

instances of code elements which in a build which should not have been included. OCS creates release notes for their releases but there was no indication that they create a release rollback plan. Because OCS, rather than CO, has full control of the release management process, CO is frequently in a position to choose between a moving a release to the next step, or following good release management processes.

One of CO's independent contractors (Tom McKiver) conducts weekly product and infrastructure release meetings. Oracle is sharing the release notes for migrations from Pre-prod to Prod and from FTS to Pre-prod. These activities have led to improvements in the release management process.

Despite the improvements in the release management process, the communications to the testing team regarding system availability and what is being deployed in each environment is still inconsistent. The daily tech sync meeting with OCS, IV&V, and the independent contractors, in part, includes discussions around the system environments and code migration plans. These daily meetings provide an opportunity to improve on the communications noted above.

CO is starting to see some improvements in the environment management process as well and, as a result, is seeing less environment related surprises.

A.4 Testing

A.4.1 IV&V and Quality Assurance

CO has a strong and knowledgeable IV&V team. The IV&V team is concerned with the instability of the testing environment and different system environmental configurations. It has been a challenge for them to test in the FTS environment which is configured differently than the pre-production environment. Therefore, some JIRA cases which pass testing in FTS could fail testing in the Pre-prod environment. The IV&V team emphasized the importance of having a separate TEST environment which would be utilized before code migrates to FTS. They reported that OCS testers often do not have enough time to perform robust testing. The current development and integration testing methodology does not allow for the sharing of developers' unit test results with the testing team. This can result in a lack of validation/revalidation of test cases and can cause unnecessary defect tickets.

Another issue reported is that there is a lack of communication on when code is migrated from one environment to another, in terms of what fixes are included in each code push. Repeatedly, the IV&V team has requested a variance report from Oracle. To date, they have not received it.

The IV&V team presented a concept for Continuous Integration (CI) and test automation and has developed a strategy to implement elements of this within the CO environment. The IV&V team also presented their recently developed automation toolset - primarily Selenium, Jenkins and integration with the Oracle Application Testing Suite (OATS). This toolset includes a real-time

dashboard that has hooks into most layers of the system and has the capability to target performance testing, user interface (UI) testing, custom code testing and web services testing. The tool was developed using open source components and coded in Java. As a result, it is very portable and could be easily shared with other states. The IV&V team is willing to give a demonstration of this tool to other states upon CMS's request. The IV&V team expressed a willingness to collaborate with OCS to develop an overall CI and test capability. The IV&V team stated that OCS has yet to demonstrate a willingness to fully collaborate on this effort.

A.4.2 Functional Testing

CO's integration testing team is well organized and structured. Testers are delegated specific roles and responsibilities across each of the major functional areas. The integration testing team meets daily to discuss the latest testing updates. The integration testing lead uses this opportunity to address any issues that prevent the team from resolving defects.

It appears that CO's integration testing team and the IV&V team are collaborating and cooperating in the testing activities. The integration testing lead attends the daily tech sync meetings. In addition to being able to update the team with what is coming next, the test lead also gains insight into the bigger picture of what other activities and efforts are occurring for an upcoming release.

The integration testing team is facing the same issues with OCS as is the IV&V team (refer to section A.4.1).

A.5 Performance and Load Testing

OCS provided a walkthrough of their performance testing report. The information presented by OCS demonstrated that OCS had been engaged in performance tuning rather than performance testing. CO was expecting to see evidence that the system could handle up to 10,000 concurrent users – a targeted performance requirement. The report did not provide CO with the specific performance metrics needed to plan for any necessary mitigation with respect to user volumes. CO has various hardware/software options (which were discussed during the workshop) to limit/throttle/divert traffic into the system. However, without the specific performance metrics, CO cannot move on a strategy.

During the IV&V's demonstration of their testing tool, they expressed a willingness to collaborate and cooperate with OCS to conduct performance and load testing. They have the required tools and skillsets in place to immediately start work on this testing effort. CO should consider making use of this resource.

A.6 Disaster Recovery and Continuity of Operations (COOP)

OMCS has implemented a full disaster recovery (DR) capability for both the data and the application tiers of the solution. In accordance with best practices, the DR solution is instantiated within a separate data center from the primary infrastructure location. The DR solution is configured to provide a Recovery Time Objective (RTO) of four hours and a Recovery Point Objective (RPO) of one hour.

As part of the OMCS contract, CO is entitled to two failover tests per year. Oracle has stated that they performed a failover test in September 2013; however, CO did not have a report from OMCS documenting the results of the test. OMCS stated that they do not currently have a failover test scheduled which they can share with CO. OMCS plans to resume DR/failover testing after the full public launch. At the writing of this report, the full launch remains unscheduled.

A.7 Architecture

CO demonstrated an awareness of the flaws and complexities present in the system architecture; however, actions need to be taken to remedy the situation. CO and its independent contractors indicated that the data model and other significant portions of the system architecture contain significant design weaknesses which will require major redesign or removal.

CO has a complex technical architecture. The solution is built entirely on Oracle technology components. In addition to using Oracle Enterprise Manager (OEM), CO also purchased a monitoring capability to monitor the Oracle Managed Cloud Service independent of OMCS. Discussions during the workshop reiterated that OCS is lacking in resources with expertise in Oracle Configuration Management (OCM), which has contributed to the delays experienced at the outset of the CO implementation.

One of the primary challenges with the CO solution is the management of the many sessions created by Siebel, Oracle Real Application Clusters (RAC), Service Oriented Architecture (SOA) and Web Center that consume a significant amount of CPU and memory. As a consequence, CO is concerned about the need for repeated rebooting of their system due to system performance issues. During the sessions, CO indicated that the code review conducted by CO in May 2013 revealed a number of issues (e.g. design, data modeling, coding practices, etc.) including wide spread memory leaks in the code base. CO indicated that their long-term strategy to mitigate memory leaks and other low level issues is to perform stringent code reviews. CO plans to conduct another code review in the near future to assess the impacts on the code base from the many surgical code pushes over the past several months. The CO architecture contractor and others on the CO team asserted, based on their independent review, that the CO data model and corresponding physical schema is highly flawed and needs significant attention.

CO shared a proposed simplified solution of their OPA Interview (CS Web App) architecture to mitigate some of the issues in the application tier. CO stated that they have demonstrated the proof-of-concept to the business stakeholders who are optimistic about the solution. However, the architecture team is projecting approximately two to three months before any action can be taken since CO is focusing solely on the next release and subsequent releases to get the system to function at its optimal level and to meet CMS requirements.

CO does not have its own senior technical resources within the CO direct staff. Independent contractors are very knowledgeable staff extenders of the CO senior technical staff. These individuals have a great deal of responsibility, but do not have decision making authority. CO should consider taking full advantage of these resources as if they were "on staff" and engage them in detailed, authoritative technical discussions with OCS and OMCS.

A.8 Project Management

There is no evidence that CO has a formal, centralized project management office (PMO) function performing the necessary level of oversight and resource control across the full spectrum of the CO project. CO relies heavily on its contractors to complete the majority of the day-to-day task and while various individuals own such things as schedules and release plans, there is no single person identified to manage the overall project.

While CO does have an IT technical project manager with demonstrated ability to manage many of the moving parts, there is a clear need for a full-time dedicated overarching project manager. The benefit of such a person would be the ability to produce a fully integrated overall schedule for tracking progress against milestones. Currently, as stated by CO, such a schedule does not exist.

A.9 Development / Agile Process

Since September 2013, CO has been utilizing a home grown development process which is based upon agile methodologies. There are seven functional areas within the process, referred to as tables, with each table having a dedicated table lead (a mini project manager) and a dedicated business analyst. This process appears to be well orchestrated. Each morning there are daily "scrum" meetings for the different functional areas. While not rigidly adhering to the formal agile scrum format, these meetings serve a valuable purpose in providing a regular opportunity for various parties from a functional area to provide the latest updates on the progress across the outstanding major defects/issues. Information is communicated from the development teams to the other project teams using JIRA. JIRA is a tool used to store defect status and development resolutions/fixes.

REEVES Liani * GOV

From: KING Rocky [redacted]
Sent: Saturday, May 04, 2013 11:54 AM
To: BONETTO Mike * GOV; KOLMER Sean P * GOV
Subject: FW: COVER OREGON: Oracle Contract Review

A set of emails that may help keep you up on what is going on. To say that I'm spitting mad would be an understatement.

We have a board meeting on Thursday when this will be discussed in a public setting and will not reflect well on any of us. As a public corporation, the Board has adopted a policy of full transparency.

The shortfall is $11-12 million for May and June, plus 2-6 million OHA/DHS spent in April when they had no funds - but didn't know it. Most of this is due to cost allocation errors by DHS and their Modernization project. Jim S (DHS budget guy - how ever you spell it) and Carolyn should be canned but both will slip by with a wink - that's what really pisses me off. Bruce was kept in the dark on this and, as with the project itself, has not been given accurate information to act upon or choose to ignore it because of his faith in Carolyn and concentration of "transformation".

I feel like going back and distributing all of the QA (maximus) reports given to OHA that talked about the lack of transparency, fiscal accountability, etc. and called for an outside financial audit of OHA/DHS.

Sorry but I've got to sound off to someone. We can go through this on Tuesday when we meet.

Rocky

Rocky King | Executive Director | Cover Oregon | [redacted]

From: King Rocky
Sent: Saturday, May 04, 2013 11:32 AM
To: Aelea Christofferson
Cc: Liz Baxter [redacted] delaRosa Triz; Jose Gonzalez [redacted]
Subject: RE: COVER OREGON: Oracle Contract Review

Thanks for your response Aelea.

The short answer to your question is the money will have to come from our Level II grant. We're identifying positions, program and operational funds, and savings on the IT side that we will be able to gather through direct contracting with Oracle. We will be recasting our budget over the next month to take into account the costs of IT for the months of May and June. This is not a cash flow problem for us. We have the grant that we can draw down from. The problem comes next year if we don't identify the appropriate savings and the fact we will be drawing down the IT federal grant funds two months earlier than planned. In sum, we included 18 months for our OHA/DHS IT costs (non CO) and now have to pick up 20 months. Additionally, the two we have to pick up are the most expensive since we are in the middle of development. I plan is to present a more detailed plan to the finance committee in June.

The interesting part of this is that OHA/DHS requested for an extension of time from the Feds to expend their grant because they were, if I may loosely quote, under budget and would need an additional 5-6 months to use all their early innovator grant funds. The request was granted based on the information supplied by OHA to the Feds (meaning expenditures vs. budget and the timing of those expenditures).

Hope this helps. See you next week.

Rocky

Rocky King | Executive Director | Cover Oregon | [redacted]

From: Aelea Christofferson [redacted]

Sent: Saturday, May 04, 2013 9:30 AM
To: King Rocky
Subject: RE: COVER OREGON: Oracle Contract Review

Thank you. That helps me understand. My question is then, where is the money going to come from?

-----Original Message-----
From: King Rocky [redacted]
Sent: Friday, May 03, 2013 4:18 PM
To: Aelea Christofferson
Subject: RE: COVER OREGON: Oracle Contract Review

I couldn't get you by phone so.....here we go.

This has nothing really to do with our assumption of the project management of the IT project. In fact, I will argue that this is exactly why we needed to move in this direction.

We were told last November that OHA had enough funds to run through July or August of this year. Thus, our Level II grant request (made last November) asked that we pick up the IT costs as of 7/1. OHA ran out earlier (not Oracle - they really don't have anything to do with this - it was OHA's job to manage budget). So - mid-month in April OHA floored us with the announcement that they were out of funds (which includes costs to cover their own OHA project staff). We had no choice but to move forward with the contacts or work would have stopped. Oracle and their other contractors were not willing to work at risk for more than a few days.

This is why we are assuming the lead - we know every penny we have spent, on what and when. We have not had that information from OHA and they were not tracking correctly. So - this exhaustion of funds surprised Bruce also. I don't want to hang them out publicly so Triz and I are going to try and call each of you before the board meeting.

I am not happy about all this - they have made this my problem and it will take a lot of work over the next 18 months to make sure I do not compromise the project. I am confident that I can do that.

r

Rocky King | Executive Director | Cover Oregon [redacted]

From: Aelea Christofferson [redacted]
Sent: Friday, May 03, 2013 3:27 PM
To: King Rocky
Subject: RE: COVER OREGON: Oracle Contract Review

I was OK at first due to our discussion in your office, but at the time you told me that this would result in a lower cost because you would not be bound by some unfortunate things in the Oracle contract. We you not able to negotiate those things?

-----Original Message-----
From: King Rocky [redacted]
Sent: Friday, May 03, 2013 3:22 PM
To: Gretchen Peterson
Cc: Brown, George J. :President & CEO; Harms Kelly; Liz Baxter; Aelea Christofferson; GOLDBERG Bruce; MYERS Brenda M; SAVAGE Louis D; Morawski Lisa; BORDEN Richelle; Stephanie Swan; Peacock, Bev : CO Admin; José Gonzalez; Ken Allen; Teri Andrews; Fauver Amy; Hutchings Laura; David Barenberg; Bianco, Diana; Jovick, Tom; Karjala Aaron; delaRosa Triz
Subject: RE: COVER OREGON: Oracle Contract Review

Thanks Gretchen for the email.

It was shortfall that was not planned for nor did it result from a lack of communication or coordination with OHA. Simply put, OHA exhausted their grant funds (earlier innovator grant) faster than they had anticipated. The amount of our shortfall will be significant and we will present some general figures at the board meeting.

The contracts have been negotiated and vetted for legal issues, including sign-off by the Attorney General's office. As I said in the email, the problem is related to adequate review time by the board. We have been working on these contracts for several months but had anticipated that we would have the full month of June for review and comment. We were notified mid-April that they would be out of funds by the end of the month requiring us to accelerate the contracting process.

Cover Oregon has now assumed the full management and fiscal responsibility for the project and will not be dependent on any other organization managing the grant funds going forward. OHA will continue to provide vendor services to us under an intergovernmental agreement - specially in finishing the work around interfaces, security and testing.

It is also important for everyone to know that this issue will not impact our ability to go live in the fall.

Rocky

Rocky King | Executive Director | Cover Oregon | [redacted]

From: Gretchen Peterson [redacted]
Sent: Friday, May 03, 2013 2:00 PM
To: King Rocky
Cc: Brown, George J. :President & CEO; Harms Kelly; Liz Baxter; Aelea Christofferson; GOLDBERG Bruce; MYERS Brenda M; SAVAGE Louis D; Morawski Lisa; BORDEN Richelle; Stephanie Swan; Peacock, Bev : CO Admin; José Gonzalez; Ken Allen; Teri Andrews; Fauver Amy; Hutchings Laura; David Barenberg; Bianco, Diana; Jovick, Tom; Karjala Aaron; delaRosa Triz
Subject: Re: COVER OREGON: Oracle Contract Review

Hi Rocky,
Can you or Triz clarify how much of this expense is in the budget assumptions and to what level does this "early assumption" of this contract impact Cover Oregon. Bottom line- what's the negative budget hit from this?

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Sorry sending from my phone so forgive any typos.

Thanks,
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Sent from my iPhone

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I left a voice message for you and would like to go through this in more detail via phone or in-person. Hopefully we can do that soon.

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Rocky King | Executive Director | Cover Oregon | [redacted]

From: Brown, George J. [redacted]
Sent: Friday, May 03, 2013 10:31 AM
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Cc: delaRosa Triz
Subject: RE: COVER OREGON: Oracle Contract Review

Kelly I am committed to performing my responsibilities as a board member. It is unreasonable to ask for a contract review with a 2 day suspense. I respectfully request that management allow at least a week to review complex documents.

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Sent: Wednesday, May 01, 2013 2:25 PM
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Importance: High

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As with the previous purchase orders/contracts, our team engaged external resources including industry analysts, independent contractors and Oregon State Department of Justice to review the contract terms and conditions, and pricing throughout the negotiating process to ensure that we have the best possible contract terms and pricing.

These reviews and subsequent negotiations with Oracle took longer that we would have liked. Unfortunately, with this transition it is important that Oracle begin working directly with Cover Oregon in the next week in order to ensure the technology is soundly configured for our Go Live date of October, 2013. As such, we are asking for a very quick turnaround time of your review.

We are asking that you review the contracts and provide any feedback you might have to Triz delaRosa (cc'd on this email) by Friday, May 3. We would also be happy to schedule a call with anyone having specific questions or needing further discussion.

We have attached the following:

- Full contracts for all services - these order documents are standard for the Oracle for these particular services, there is not a Statement of Work to review:

o OD Cover Oregon, and

o Cover_Oregon_OD_TME_v4

Feel free to send in any initial thoughts/questions at your convenience to Triz. She can be reached at [redacted]

From: BONETTO Mike * GOV [redacted]
Sent: 1/14/2013 6:40:52 AM +0000
To: 'King Rocky' [redacted]; KOLMER Sean P * GOV [redacted]
CC: Fauver Amy [redacted]; Karjala Aaron [redacted] LAWSON CAROLYN [redacted] Harms Kelly [redacted] Morawski Lisa [redacted]; Leibowitz Nora [redacted]; delaRosa Triz [redacted] "Jovick, Tom" [redacted]
Subject: RE: CCIIO Visit

Many thx Rock...great update.

MB

From: King Rocky [redacted]
Sent: Sunday, January 13, 2013 1:48 PM
To: BONETTO Mike * GOV; KOLMER Sean P * GOV; GOLDBERG Bruce; SAVAGE Louis D; SPEIGHT BARNEY H
Cc: Karjala Aaron; delaRosa Triz; LAWSON CAROLYN; Leibowitz Nora; Fauver Amy; Morawski Lisa; Harms Kelly; Jovick, Tom
Subject: CCIIO Visit

A thank you to Mike, Sean and Jan who helped make this week a great one with the Governor's attendance at our Board meeting.

The following are some general observations and, in some cases, some really good news.

The representatives of CCIIO headed out Friday afternoon to a) resume a vacation b) visit another state visit or c) to return to DC. They all had smiles on their faces.

Their schedule included attendance at the Board meeting on Friday, a dinner with the executive team that evening and then 4 segments on Friday, including a demonstration and run-through of the UI experience (they sat there an took a book of notes), policy meetings with Cover Oregon and Insurance Division staff and a debriefing at the conclusion of their visit.

First, it should go without saying that the Governor's presence and remarks were well received. It is a gesture they did not expect and I believe will have benefits for the state that certainly go beyond Thursday's meeting. Their discussion that evening reflected their appreciation of the comments by both the Governor and the legislative representatives. In the debriefing, some of the discussion was on Oregon's legend throughout this process vs. what is real. They pointed out how real this was and the Governor was a big part of that – the legend grows.

Some **notable non-announcements** (meaning, they told us in our private meetings but made no public announcement):

1. 1. They will be announcing in the next week that our **grant request has been approved** in the amount of approximately $226 million, **$19 million less** than requested. They have also given us assurances that we could come in for a supplemental grant if the amount they did not approve is needed in year two.
2.
3. 2. They will be sending a letter to us providing **approval of our request to include school districts** in the exchange beginning October 2015. There will be some operational and cost allocation issues that we have to deal with, but it will be workable if the state is able to provide initial development funding (can not use Federal Grant Funds).
4.
5. 3. **Of great significance,** the policy experts on the phone from DC provided the **thumbs up** to our general **OMIP/Portability reinsurance idea(s)**. Devil in the details, but I believe Lou walked out with a big smile on his face. Also, a big thanks to Gary Cohen who did some prep work for us after discussion on Thursday evening at the dinner.

During the debrief they made the following observations (I've selected only the high-lights of an hour meeting):

1. 1. No state is as far along as ours and they are convinced if we can't do it, many of the others will not be able to. We are not necessarily ahead in every detail within the categories of construction (policy, business and IT) but taken together we standout. There is only a handful that they believe are either with us or close (Maryland, Colorado, Rhode Island). They're giving us more dollars (on a per capita basis) than many other states and they believe the investment is worth it (we are their Hail-Mary as one of them put it).
2.
3. 2. One of their biggest concerns as they have talked or gone from state to state is the ability to bring up Medicaid in line with the Commercial side. They continue to have some skepticism as to whether we can pull this off (see number 3) and thus some continued and expanded IT funding for 2013 and 2014. They are behind us on this and know it will be down to the wire.

1. 3. It is all about shared services environmental challenges – they know it and we know it. They expressed that is the same for many of the other states, albeit few are attempting the integration we are. The challenge with Medicaid is not unique to state based exchanges, it is also the biggest hurdle for the federal exchange and federal-state partnerships.
2.
3. 4. They were impressed with the energy of the meeting, the staff throughout their visit and the general office environment. Much different than they experience in DC.

Other than point two and three, I asked them at the end of the debrief to name just one thing they are having a heartache or general concern about, a critical observation — something, anything and it was nada. They left more impressed than before they arrived!

So thanks to the Governor's office, Legislator Oversight committee members, Cover Oregon's staff and the executive team for a great couple of days.

Rocky

Rocky King | Executive Director | **Cover Oregon** [redacted]

REEVES Liani * GOV

From: KING Rocky [redacted]
Sent: Saturday, May 04, 2013 11:54 AM
To: BONETTO Mike * GOV; KOLMER Sean P * GOV
Subject: FW: COVER OREGON: Oracle Contract Review

A set of emails that may help keep you up on what is going on. To say that I'm spitting mad would be an understatement.

We have a board meeting on Thursday when this will be discussed in a public setting and will not reflect well on any of us. As a public corporation, the Board has adopted a policy of full transparency.

The shortfall is $11-12 million for May and June, plus 2-6 million OHA/DHS spent in April when they had no funds - but didn't know it. Most of this is due to cost allocation errors by DHS and their Modernization project. Jim S (DHS budget guy - how ever you spell it) and Carolyn should be canned but both will slip by with a wink - that's what really pisses me off. Bruce was kept in the dark on this and, as with the project itself, has not been given accurate information to act upon or choose to ignore it because of his faith in Carolyn and concentration of "transformation".

I feel like going back and distributing all of the QA (maximus) reports given to OHA that talked about the lack of transparency, fiscal accountability, etc. and called for an outside financial audit of OHA/DHS.

Sorry but I've got to sound off to someone. We can go through this on Tuesday when we meet.

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Rocky King | Executive Director | Cover Oregon | [redacted]

From: King Rocky
Sent: Saturday, May 04, 2013 11:32 AM
To: Aelea Christofferson
Cc: Liz Baxter [redacted] delaRosa Triz; Jose Gonzalez [redacted]
Subject: RE: COVER OREGON: Oracle Contract Review

Thanks for your response Aelea.

The short answer to your question is the money will have to come from our Level II grant. We're identifying positions, program and operational funds, and savings on the IT side that we will be able to gather through direct contracting with Oracle. We will be recasting our budget over the next month to take into account the costs of IT for the months of May and June. This is not a cash flow problem for us. We have the grant that we can draw down from. The problem comes next year if we don't identify the appropriate savings and the fact we will be drawing down the IT federal grant funds two months earlier than planned. In sum, we included 18 months for our OHA/DHS IT costs (non CO) and now have to pick up 20 months. Additionally, the two we have to pick up are the most expensive since we are in the middle of development. I plan is to present a more detailed plan to the finance committee in June.

The interesting part of this is that OHA/DHS requested for an extension of time from the Feds to expend their grant because they were, if I may loosely quote, under budget and would need an additional 5-6 months to use all their early innovator grant funds. The request was granted based on the information supplied by OHA to the Feds (meaning expenditures vs. budget and the timing of those expenditures).

Hope this helps. See you next week.

Rocky

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Sent: Saturday, May 04, 2013 9:30 AM
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This is why we are assuming the lead - we know every penny we have spent, on what and when. We have not had that information from OHA and they were not tracking correctly. So - this exhaustion of funds surprised Bruce also. I don't want to hang them out publicly so Triz and I are going to try and call each of you before the board meeting.

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Thanks Gretchen for the email.

It was shortfall that was not planned for nor did it result from a lack of communication or coordination with OHA. Simply put, OHA exhausted their grant funds (earlier innovator grant) faster than they had anticipated. The amount of our shortfall will be significant and we will present some general figures at the board meeting.

The contracts have been negotiated and vetted for legal issues, including sign-off by the Attorney General's office. As I said in the email, the problem is related to adequate review time by the board. We have been working on these contracts for several months but had anticipated that we would have the full month of June for review and comment. We were notified mid-April that they would be out of funds by the end of the month requiring us to accelerate the contracting process.

Cover Oregon has now assumed the full management and fiscal responsibility for the project and will not be dependent on any other organization managing the grant funds going forward. OHA will continue to provide vendor services to us under an intergovernmental agreement - specially in finishing the work around interfaces, security and testing.

It is also important for everyone to know that this issue will not impact our ability to go live in the fall.

Rocky

Rocky King | Executive Director | Cover Oregon | [redacted]

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To: Harms Kelly; Liz Baxter; Aelea Christofferson; GOLDBERG Bruce; MYERS Brenda M; SAVAGE Louis D; King Rocky; Morawski Lisa; BORDEN Richelle; Stephanie Swan; Peacock, Bev : CO Admin; José Gonzalez; Ken Allen; Teri Andrews; Gretchen Peterson; Fauver Amy; Hutchings Laura; David Barenberg; Bianco, Diana; Jovick, Tom; Karjala Aaron
Cc: delaRosa Triz
Subject: RE: COVER OREGON: Oracle Contract Review

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Sent: Wednesday, May 01, 2013 2:25 PM
To: Liz Baxter; Aelea Christofferson; GOLDBERG Bruce; MYERS Brenda M; SAVAGE Louis D; King Rocky; Morawski Lisa; Harms Kelly; BORDEN Richelle; Stephanie Swan; Peacock, Bev : CO Admin; José Gonzalez; Ken Allen; Teri Andrews; Brown, George J. :President & CEO; Gretchen Peterson; Fauver Amy; Hutchings Laura; David Barenberg; Bianco, Diana; Jovick, Tom; Karjala Aaron
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Subject: COVER OREGON: Oracle Contract Review
Importance: High

Dear Board Members,

Per Board By-Laws, we are requesting your review of a purchase order/contract for the purchase of (1) Business Applications and associated licensing costs in the amount of $1.8 million for the first year and (2) a purchase order/contract for the development services in the amount of $45.3 million to finalize version 1 of the exchange and to manage the technology environments through December 2014 (18 months). To date, Cover Oregon has issued order documents to purchase hardware, systems software and managed cloud services for transitioning the technology environments and management from the Oregon Health Authority (OHA) to Cover Oregon. These are the two final order documents which must be negotiated to finalize the transition. Some additional information below will provide more context:

Assumption of Technology, Fiscal and Management Oversight of IT Project. The Oregon Health Authority notified Cover Oregon in this last month that they will have exhausted the original innovator grant as of May 1st. While Cover Oregon had been negotiating the contract with Oracle for the last several months, including outside oversight of the terms and conditions, we did not believe finalization would need to occur until June 1st (with contract start date as of July 1st, assumed in the Level 2 Grant request). As such, we have had to move up the starting date for the assumption of fiscal responsibility for the IT component earlier than planned. Since OHA has no money to pay IT related costs as of today, we need to move forward with the contact with Oracle this week. Oracle and other vendors are working on an "at risk" basis until signed, something neither they or us want to extend into next week.

Business Applications and Licensing. Cover Oregon is purchasing dedicated licenses for the core business software products that provide the basis for the Exchange technology implementation. The negotiated prices for the licenses have resulted in significant decrease in initial purchase and ongoing maintenance costs compared to the pricing structure provided to the OHA. This decrease is primarily due to the fact that Oracle bases licensing on operating revenue. Cover Oregon's operating revenue is much lower than OHA's which will result with ongoing maintenance costs at approximately 1/3 of the monthly cost. This reduction will be most important when the Exchange is self-sustaining starting in January 2015.

Oracle Consulting Services (OCS). Cover Oregon has also negotiated an order document for professional services to complete the implementation of version 1 of the exchange as well as to operate and maintain the exchange through December 2014. In addition, this includes services to implement a marketing management system and financial services dashboard. Cover Oregon is choosing to maintain this relationship due to the institutional knowledge that has been built by Oracle over the last year-and-a-half.

As with the previous purchase orders/contracts, our team engaged external resources including industry analysts, independent contractors and Oregon State Department of Justice to review the contract terms and conditions, and pricing throughout the negotiating process to ensure that we have the best possible contract terms and pricing.

These reviews and subsequent negotiations with Oracle took longer that we would have liked. Unfortunately, with this transition it is important that Oracle begin working directly with Cover Oregon in the next week in order to ensure the technology is soundly configured for our Go Live date of October, 2013. As such, we are asking for a very quick turnaround time of your review.

We are asking that you review the contracts and provide any feedback you might have to Triz delaRosa (cc'd on this email) by Friday, May 3. We would also be happy to schedule a call with anyone having specific questions or needing further discussion.

We have attached the following:

- Full contracts for all services - these order documents are standard for the Oracle for these particular services, there is not a Statement of Work to review:

o OD Cover Oregon, and

o Cover_Oregon_OD_TME_v4

Feel free to send in any initial thoughts/questions at your convenience to Triz. She can be reached at [redacted]

REEVES Liani * GOV

From: KING Rocky [redacted]
Sent: Saturday, May 04, 2013 11:54 AM
To: BONETTO Mike * GOV; KOLMER Sean P * GOV
Subject: FW: COVER OREGON: Oracle Contract Review

A set of emails that may help keep you up on what is going on. To say that I'm spitting mad would be an understatement.

We have a board meeting on Thursday when this will be discussed in a public setting and will not reflect well on any of us. As a public corporation, the Board has adopted a policy of full transparency.

The shortfall is $11-12 million for May and June, plus 2-6 million OHA/DHS spent in April when they had no funds - but didn't know it. Most of this is due to cost allocation errors by DHS and their Modernization project. Jim S (DHS budget guy - how ever you spell it) and Carolyn should be canned but both will slip by with a wink - that's what really pisses me off. Bruce was kept in the dark on this and, as with the project itself, has not been given accurate information to act upon or choose to ignore it because of his faith in Carolyn and concentration of "transformation".

I feel like going back and distributing all of the QA (maximus) reports given to OHA that talked about the lack of transparency, fiscal accountability, etc. and called for an outside financial audit of OHA/DHS.

Sorry but I've got to sound off to someone. We can go through this on Tuesday when we meet.

Rocky

Rocky King | Executive Director | Cover Oregon | [redacted]

From: King Rocky
Sent: Saturday, May 04, 2013 11:32 AM
To: Aelea Christofferson
Cc: Liz Baxter [redacted] delaRosa Triz; Jose Gonzalez [redacted]
Subject: RE: COVER OREGON: Oracle Contract Review

Thanks for your response Aelea.

The short answer to your question is the money will have to come from our Level II grant. We're identifying positions, program and operational funds, and savings on the IT side that we will be able to gather through direct contracting with Oracle. We will be recasting our budget over the next month to take into account the costs of IT for the months of May and June. This is not a cash flow problem for us. We have the grant that we can draw down from. The problem comes next year if we don't identify the appropriate savings and the fact we will be drawing down the IT federal grant funds two months earlier than planned. In sum, we included 18 months for our OHA/DHS IT costs (non CO) and now have to pick up 20 months. Additionally, the two we have to pick up are the most expensive since we are in the middle of development. I plan is to present a more detailed plan to the finance committee in June.

The interesting part of this is that OHA/DHS requested for an extension of time from the Feds to expend their grant because they were, if I may loosely quote, under budget and would need an additional 5-6 months to use all their early innovator grant funds. The request was granted based on the information supplied by OHA to the Feds (meaning expenditures vs. budget and the timing of those expenditures).

Hope this helps. See you next week.

Rocky

Rocky King | Executive Director | Cover Oregon | [redacted]

From: Aelea Christofferson [redacted]

Sent: Saturday, May 04, 2013 9:30 AM
To: King Rocky
Subject: RE: COVER OREGON: Oracle Contract Review

Thank you. That helps me understand. My question is then, where is the money going to come from?

-----Original Message-----
From: King Rocky [redacted]
Sent: Friday, May 03, 2013 4:18 PM
To: Aelea Christofferson
Subject: RE: COVER OREGON: Oracle Contract Review

I couldn't get you by phone so.....here we go.

This has nothing really to do with our assumption of the project management of the IT project. In fact, I will argue that this is exactly why we needed to move in this direction.

We were told last November that OHA had enough funds to run through July or August of this year. Thus, our Level II grant request (made last November) asked that we pick up the IT costs as of 7/1. OHA ran out earlier (not Oracle - they really don't have anything to do with this - it was OHA's job to manage budget). So - mid-month in April OHA floored us with the announcement that they were out of funds (which includes costs to cover their own OHA project staff). We had no choice but to move forward with the contacts or work would have stopped. Oracle and their other contractors were not willing to work at risk for more than a few days.

This is why we are assuming the lead - we know every penny we have spent, on what and when. We have not had that information from OHA and they were not tracking correctly. So - this exhaustion of funds surprised Bruce also. I don't want to hang them out publicly so Triz and I are going to try and call each of you before the board meeting.

I am not happy about all this - they have made this my problem and it will take a lot of work over the next 18 months to make sure I do not compromise the project. I am confident that I can do that.

r

Rocky King | Executive Director | Cover Oregon [redacted]

From: Aelea Christofferson [redacted]
Sent: Friday, May 03, 2013 3:27 PM
To: King Rocky
Subject: RE: COVER OREGON: Oracle Contract Review

I was OK at first due to our discussion in your office, but at the time you told me that this would result in a lower cost because you would not be bound by some unfortunate things in the Oracle contract. We you not able to negotiate those things?

-----Original Message-----
From: King Rocky [redacted]
Sent: Friday, May 03, 2013 3:22 PM
To: Gretchen Peterson
Cc: Brown, George J. :President & CEO; Harms Kelly; Liz Baxter; Aelea Christofferson; GOLDBERG Bruce; MYERS Brenda M; SAVAGE Louis D; Morawski Lisa; BORDEN Richelle; Stephanie Swan; Peacock, Bev : CO Admin; José Gonzalez; Ken Allen; Teri Andrews; Fauver Amy; Hutchings Laura; David Barenberg; Bianco, Diana; Jovick, Tom; Karjala Aaron; delaRosa Triz
Subject: RE: COVER OREGON: Oracle Contract Review

Thanks Gretchen for the email.

It was shortfall that was not planned for nor did it result from a lack of communication or coordination with OHA. Simply put, OHA exhausted their grant funds (earlier innovator grant) faster than they had anticipated. The amount of our shortfall will be significant and we will present some general figures at the board meeting.

The contracts have been negotiated and vetted for legal issues, including sign-off by the Attorney General's office. As I said in the email, the problem is related to adequate review time by the board. We have been working on these contracts for several months but had anticipated that we would have the full month of June for review and comment. We were notified mid-April that they would be out of funds by the end of the month requiring us to accelerate the contracting process.

Cover Oregon has now assumed the full management and fiscal responsibility for the project and will not be dependent on any other organization managing the grant funds going forward. OHA will continue to provide vendor services to us under an intergovernmental agreement - specially in finishing the work around interfaces, security and testing.

It is also important for everyone to know that this issue will not impact our ability to go live in the fall.

Rocky

Rocky King | Executive Director | Cover Oregon | [redacted]

From: Gretchen Peterson [redacted]
Sent: Friday, May 03, 2013 2:00 PM
To: King Rocky
Cc: Brown, George J. :President & CEO; Harms Kelly; Liz Baxter; Aelea Christofferson; GOLDBERG Bruce; MYERS Brenda M; SAVAGE Louis D; Morawski Lisa; BORDEN Richelle; Stephanie Swan; Peacock, Bev : CO Admin; José Gonzalez; Ken Allen; Teri Andrews; Fauver Amy; Hutchings Laura; David Barenberg; Bianco, Diana; Jovick, Tom; Karjala Aaron; delaRosa Triz
Subject: Re: COVER OREGON: Oracle Contract Review

Hi Rocky,
Can you or Triz clarify how much of this expense is in the budget assumptions and to what level does this "early assumption" of this contract impact Cover Oregon. Bottom line- what's the negative budget hit from this?

I'm reading into emails that some portion was planned but not all of it. Whats that $ amount? And naturally, what's the plan to absorb the unplanned additional expense?

I trust that the contract itself has been negotiated and vetted for legal issues so my concerns are is this is a substantial unplanned financial hit and are there communication or coordination issues that contributed to the short notice that we should be aware of?

In other words, was it a lack of coordination, communication or tracking of expenditures between OHA and Cover Oregon that caused this not to be identified in a timely manner? Is there a risk that similar issues could cause future problems?

Sorry sending from my phone so forgive any typos.

Thanks,
Gretchen

Sent from my iPhone

On May 3, 2013, at 12:00 PM, "King Rocky" [redacted] wrote:

Thanks George.

You are correct in the unreasonableness of my request for review in the stated time frame. I had two general options that I gave serious thought to: Instruct Oracle to cease work (we were informed that OHA had no funds to pay for contracted work beyond April 30th) in order give adequate review time for the contact or to accelerate the review and signing of the contract in order to have no gaps in the work being done. A third option was to execute an intergovernmental agreement with OHA to reimbursement costs incurred on an interim basis. However, I did not feel comfortable with that option at this time.

I left a voice message for you and would like to go through this in more detail via phone or in-person. Hopefully we can do that soon.

Rocky

Rocky King | Executive Director | Cover Oregon | [redacted]

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EXHIBIT 1

DHS
Oregon Department
of Human Services

Oregon Health Authority

DHS Modernization Project

Implementation Advance Planning Document Annual Update

Department of Human Services and Oregon Health Authority

Office of Information Services

Submitted for approval by:

Centers for Medicare and Medicaid Services

U.S. Department of Agriculture, Food and Nutrition Services

Version: 7.0

Submitted: August 20, 2013

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OR-HIX-1-000020279

1. EXECUTIVE SUMMARY

This IAPD-U's purpose is to provide an annual update for Oregon's funding partners, address objectives for the next year and request approval from CMS and FNS to fund planned efforts. Oregon will submit another IAPD-U if substantive changes to this plan arise over the course of the year. Key updates for this IAPD-U include:

- Health Insurance Exchange technology solution movement to Cover Oregon from Oregon Health Authority
- Updates to delivery against Modernization objectives
- Project governance and organizational changes
- Funding allocation update

Since submission of the last IAPD-U, Oregon Health Authority (OHA) achieved the deliverables outlined in the early innovator grant and successfully delivered a functional insurance exchange to Cover Oregon. Oracle enterprise products remain as the foundation for solution sets for the Exchange and DHS Modernization (DHSM).

DHSM efforts continue with an unchanged strategy of automating client intake and implementing a rules engine for eligibility determination. The Food Stamp Management Information System (FSMIS) and Client Maintenance (CM), the back-end benefit issuance systems, remain the systems of record and remain the source of benefits issuance. By October 2013, we will launch client intake and caseworker portals for Medical and SNAP benefit application and eligibility determination. After October 2013, we will continue to build on the Medical foundation in pursuing the activities outlined in the existing IAPD-U, including additional functionality in the areas of management of client inquiries, implementing complaint management process, automated calendar for scheduling, pre-screening and benefit application for eligibility and enrollment through client or caseworker portals, workflow for alerts/escalations to meet mandated application processing timeframes. These front-end tools will help automate recertifications of cases and will pass data to the systems of record. In this biennium, DHSM will align data across Supplemental Nutrition Assistance Program (SNAP) and Medicaid programs in order to ensure eligibility criteria are met.

DHSM strategy is to create a foundation using Oracle's enterprise solutions to support health care reform and Medical eligibility determination. That base will also be built upon by adding, over time, SNAP and other programs with the ultimate goal of increasing efficiency for front-line workers by reducing manual work and providing them the information they need to put data into our systems of record thereby improving overall service delivery:

- Provide a front-end engine to calculate Medical and SNAP eligibility
- Integration of SNAP and Medical eligibility determination and enrollment into back-end systems
- Building case management capabilities
- Streamlining other business functions

Modernization, as an initiative, has evolved from a narrower focus on improving technology to a business driven, multi-biennium effort to improve and modernize service delivery and technology. DHS now has the structure in place on the business side to identify and drive change that prepares them for the upcoming technology and business process changes. These efforts will yield better

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access for clients to services in more customized ways. New, innovative and more efficient technology systems will streamline field office operations. Workers will have fewer business processes and less paperwork, giving them more time with clients. The Client Experience will be enhanced by allowing more access points and other communication options. Data interoperability will improve coordination across programs, improving program integrity.

Project governance information is updated to reflect changes to DHS executive level participants. Project organizational changes including the movement of activities to Cover Oregon and transition of technology efforts from a separate project entity into a more integrated project structure within the Office of Information Services (OIS) are outlined in this report.

Funding for the next year reflects the focus on DHSM activities and results in the following CMS (Medicaid and CHIP) will pay approximately 78.4 percent, FNS (SNAP) will pay approximately 4.4 percent, and the state will pay 17.2 percent of total project implementation costs upon approval.

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2. PROJECT STATUS

2.1. Alignment

The June 15, 2012 IAPD-U placed Health Insurance Exchange Technology (HIX-IT) efforts and DHSM under a coordinating umbrella referred to as MaX (Modernization and eXchange). This action synchronized project activities and funding, aligned enterprise plans and resources and established infrastructures to support DHSM and HIX-IT. Work teams were organized under the MaX umbrella and managed as an integrated project entity. SNAP, non-medical eligibility, automation of Oregon Policy rules (OPA) efforts and the DHSM Roadmap initiative were aligned with DHSM; medical eligibility was aligned under HIX-IT. MaX accounting was structured to keep CCIIO, CMS, FNS and state funding allocated to the appropriate development and implementation stream.

OHA has realigned work within the Office of Information Services (OIS) to more effectively support all project efforts, including DHSM technology activities, as part of the new OIS Management System. This provides an environment which supports projects and project solutions so they align to enterprise solutions and ensure long term sustainability and maintainability. This realignment shifts DHSM from a monolithic program structure to a distributed project structure. Project activities include functional solution delivery and infrastructure activities including testing, security, identify management, enterprise data management, interfaces and configuration for oregon policy rules automation. On the business side, DHS has a Modernization Program Director who manages the direction of modernization activities, oversees business transition efforts including business process re-engineering, training and user acceptance testing activities. OIS and DHS work closely together on strategic direction and alignment and funding. In this biennium, DHSM will align data across Supplemental Nutrition Assistance Program (SNAP) and Medicaid programs in order to ensure the eligibility of criteria are met.

2.2. Accomplishments

OHA through the HIX-IT project successfully delivered a functional insurance exchange to Cover Oregon on April 30, 2013. Cover Oregon is now testing the system with continued support from the Oregon Health Authority's Office of Information Services (OIS) technology. This support will continue through the October 2013 implementation.

DHSM: has developed a base product for client intake and eligibility determination. User interface, workflow design and usability efforts continue. DHSM's anticipated launch date for client intake and caseworker management portals is October 2013.

Multiple infrastructure activities (aka Foundational Services) supporting DHSM and HIX-IT have been completed or are substantially underway. Many of these have multiple iterations or phases. These include testing environment, test planning, defect management, Oracle WebCenter content management phase 1, significant efforts around enterprise data management, substantial interface

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work, delivery of a security and identity management module, and phase 1 of Oregon policy rules automation.

Appropriate funding splits for each of the initiatives varies and is reflected in the budget section of this IAPD-U.

2.3. Upcoming Activities

DHSM efforts continue with an unchanged strategy of automating client intake and implementing a rules engine for eligibility determination The Food Stamp Management Information System (FSMIS) and Client Maintenance (CM), the back-end benefit issuance systems, remain the systems of record and source for benefits issuance. Current DHS and OHA processes are program-oriented. Each program has its own specific computer applications and business processes to determine eligibility, manage cases, pay bills, support providers and produce reports. As a result, DHS and OHA have multiple systems that do essentially the same thing. The computer applications are written in many different languages on different platforms (mainframe, web based, client server). As a result, business processes vary widely among programs.

DHSM strategy is to create a foundation using Oracle's enterprise solutions to support health care reform and Medical eligibility determination. That base will also be built upon by adding, over time, SNAP and other programs with the ultimate goal of increasing efficiency for front-line workers by reducing manual work and providing them the information they need to put data into our systems of record thereby improving overall service delivery:

- Provide a front-end engine to calculate Medical and SNAP eligibility
- Integration of SNAP and Medical eligibility determination and enrollment into back-end systems
- Building case management capabilities
- Streamlining other business functions

Many of these efforts will continue beyond this year and extend beyond the full biennium. As OHA and DHS deliver incremental solutions, field office operations will become more streamlined. Workers will have fewer business processes and less paperwork, giving them more time with clients. The client experience will improve by allowing more access points and other options for communication. Better access to DHS/OHA programs will give clients more meaningful time with their case managers, leading them towards self-sufficiency and independence.

Areas of near-term focus:

DHSM: will launch the product for client intake and caseworker management portals in October 2013. Subsequent releases will provide additional functionality throughout the reporting year. These additions may include: management of client inquiries, implementing complaint management process, automated calendar for scheduling, pre-screening and benefit application for eligibility and enrollment through client or caseworker portals, workflow for alerts/escalations to meet mandated application processing timeframes. These front-end tools will help automate recertifications of cases and will pass data to the systems of record. Additional capabilities include:

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- **Oracle WebCenter content Management phase 1:** will deliver the ability for DHS to capture, secure, share and distribute digital and paper-based documents and reports. The first phase is expected to implement in October 2013.

- **Enterprise Data Management (EDM):** enables DHS to define, integrate and retrieve data and will be in place by October 2013. Longer term efforts, which may begin during this reporting year include evaluation and implementation of pre-built data warehouse solutions including prebuilt analytical reporting for Siebel modules. Creating and expanding access to operational reports. Implementing fraud detection and integrate with client portal to proactively identify suspect fraudulent benefit applications.

- **Interfaces:** supports internal connectivity between key systems such as the Medical Management Information System (MMIS), and core back-end systems such as DHS/OHA Client Index (CI) system, as well as external interfaces to the HIX. The first phase of this work will be implemented in October 2013. Additional work will occur through the rest of the year in support of continued client intake and caseworker management portal expansions.

- **Security and Identity Management**: is a highly complex effort necessary to support public access to and utilization of the client portal. This project ensures HIPPA requirements are compliant throughout for DHSM efforts. Effort will continue through the rest of the reporting year to establish additional layers of authentication and access.

- **Oregon Policy Rules automation (OPA):** supports DHSM project activities and is also essential to the Health Insurance Exchange. The Oracle commercial off the shelf (COTS) product included a base set of federal policy rules for eligibility determination, Oregon policy must be incorporated. All OPA rules effective back to 2011 policy have been incorporated. Efforts are underway to add in revised Oregon policy. Continued refinement of the OPA rules and expansion for additional programs will occur during this reporting year.

- **Modernization Roadmap:** is the strategic effort which identifies and executes the optimal sequence of efforts to iteratively improve the inter-operability and capabilities of technology solutions. These efforts are aligned against the DHS Strategic Technology Plan and define the course of actions for Modernization both for business service delivery changes and technology to support those changes for the next 3-5 years. Roadmap implementation activities will progress during this reporting year, with extensions to subsequent reporting periods.

OR-HIX-1-000020284

3. CHANGES TO THE APPROVED IAPD AND IAPD-U

3.1. Background

Overall, the deliverables in the existing IAPD-U have not changed. OHA HIX-IT is complete and responsibility has moved to Cover Oregon.

There have been changes to the governance and organizational structure. OIS has realigned DHSM project activities into its new Management System, improving line of sight by the OCIO and providing better support for on-going DHSM efforts.

DHS business has established a work team, led by a Business Program Director to oversee and facilitate changes to business service delivery. Modernization has shifted from a technology project to a rethinking of how DHS does business with a focus on improving processes.

This IAPD-U outlines these changes and plans for the next year and requests approval from CCIIO, CMS, FNS and state funding partners to support these changes and the plan.

3.2. Purpose and Scope

This IAPD-U provides an update to governance and project organization structures; requests continued Federal Financial Participation (FFP) from CMS and FNS for DHSM based upon the Cost Allocation Plan (CAP) approved in last IAPD-U (June 12, 2012).

3.3. Project Governance and Oversight

Oversight will continue to be provided through the DHSM Executive Steering Committee comprised of Executive Sponsors including:

- Jim Scherzinger — DHS Shared Services Chief Operating Officer
- Jerry Waybrant — DHS Self Sufficiency / Child Welfare Chief Operating Officer
- Trisha Baxter — DHS Adult Protective / Developmental Disabilities Chief Operating Officer
- Liesl Wendt — DHS Director of Self Sufficiency Programs
- Trina Lee — DHSM Program Director
- Carolyn Lawson — DHS/OHA Chief Information Officer

Issues, risks and performance for each of the Foundational Services Projects are reported directly to DHSM Executive Steering by the DHS/OHA Chief Information Officer.

3.4. Organizational Structure

OHA and DHS have transformed DHSM into the new Office of Information Services (OIS) Management System. Removing the MaX umbrella and the changes outlined above have simplified the project structure and enable more direct oversight by the Office of the CIO (OCIO). Functional responsibilities are distributed across the CIO's executive leadership as follows:

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- Projects under DHSM report directly to the OCIO. Direction for projects and alignment to business strategy are the responsibility of the Integration and Collaboration Unit within OCIO.
- Project Business Operations activities, including financial, accounting, contracting and procurements are now aligned under OIS Business Operations section.
- Project managers, coordinators and analysts are hired by OIS Business Engagement Services and assigned to DHSM. Federal and State Reporting activities, including APD responsibilities, are also aligned under OIS Business Engagement Services.
- Management and oversight of the infrastructure solution set is aligned under the OIS Solution Development and Delivery and Customer Services and Support.
- Architecture alignment and support is provided by OIS Enterprise Alignment and Design.
- Oversight for security including HIPPA compliance is provided by the Information Security and Privacy Office.

3.5. Funding Allocation Changes

In response to the considerations outlined in the CMS exception letter (August 2011), Oregon will cost allocate any "services, expansions of services or increase in capacity beyond that required for health programs" [1] to the appropriate benefiting program. DHS has considered all programs that may be included in the eventual enterprise system for all activities going back to selection of the enterprise solution suite (Oracle). The DHSM Roadmap initiative, in keeping with DHS's Technology Strategy Plan recognizes the integration and exchange of data across virtually all DHS programs.

In the prior approved IAPD-U, DHS/OHA developed a Cost Allocation Plan (CAP) to use in identifying, measuring, and equitably distributing costs for systems among the various programs that would benefit from the newly integrated systems. The CAP was based on the CCIIO Grant, CMS (Medicaid and CHIP) and SNAP programs as benefactors of the work through February 2013. The CAP then shifted to the remaining benefitting programs: Medicaid, CHIP and SNAP (FNS) for DHSM only.

Given that DHS/OHA employed the "Benefit Received" methodology which is based on State and Federal public assistance program use of specific systems functions and their share of development costs required to produce those functions, we will continue to use the CAP set forth in the February 15, 2012 while updating the recipient counts upon which the allocation was based (Table 3.5.1).

Table 3.5.1 – Allocation by Program Percent

Agency	Program	Recipient Count	% of Total	Large/Small
CMS	Medicaid	653,905	42.3%	Large
CMS	CHIP	75,399	4.9%	Small
FNS	SNAP	815,221	52.8%	Large
Total		1,544,525	100.0%	

[1] January 23, 2012 letter (page 2)

Table 3.5.2 illustrates how Table 3.5.1 is modified due to the CMS exception to OMB Circular A-87 as outlined in the Tri-Agency letter dated August 10, 2011, the cost allocation methodology requires modification to handle the enhanced funding directive. The table outlines how the allocation mechanism works within the spreadsheets based on the guidelines in the letter.

Table 3.5.2 – Allocation by Program Percent

Benefitting Programs	CMS Medical Large	CMS Chip Small	FNS SNAP Large
Medical only	D		
CHIP only		D	
SNAP only			D
Medical & CHIP	SL	sm	
Medical & SNAP	D		
Medical, CHIP & SNAP	SL	sm	
CHIP & SNAP		D	
D = Direct Charge Shared Charge based on recipient count. SL = Sharge Large, sm - Shared Small			
Medical/CHIP should be shared amoungst the two via CHIP% off the top as a small program then Medical gets the rest.			

DHSM also requests approval to apply the costs associated with various efforts under the exception to OMB Circular A-87 which allows for specified business process and technical services to not require cost allocation to other Federally-funded humans services programs as follows:

Core components under exception	DHSM efforts
Client Portals	Eligibility automation
User Interfaces	Interfaces
Interfaces to Federal and State verification sources, community assisters/outreach organizations	Interfaces
Master Client Index	Enterprise Data Management
Business Rules Engine and Operating System	Oregon Policy Automation (OPA) and supporting infrastructure efforts
Data Warehouse	Enterprise Data Management
Workflow Management Tools	Content Management
Notices	Reporting
Document Imaging and Digitization of Case Records	Content Management
Business intelligence	Enterprise Data Management and Content Management
Analytic Tools, including Decision Support and Program Integrity	Content Management and Business Objects
Privacy and Security Controls	Identity and Access Management
Information Security and Privacy Controls	Identity and Access Management
Infrastructure and Data Center Hosting	

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Additionally, the Express Lane Eligibility (ELE) waiver, which enables a client determined eligible for SNAP benefits to automatically qualify for Medical enables Oregon to adjust our model to recognize this change and qualify for the exception funding. This funding request recognizes the fact that ELE establishes Medical as the base solution thereby qualifying for the exception funding and disregarding SNAP because all efforts benefit Medical/Medicaid.

The CAP summary below indicates that over the next two years, CMS (Medicaid and CHIP) will pay approximately 78.4 percent, FNS (SNAP) will pay approximately 4.4 percent, and the state will pay 17.2 percent of total project implementation costs upon approval.

Table 3.5.3 – Two Year Allocation by Program by Funding Percentage

Program	Direct Cost	Shared Cost	Total Cost	% Cost	Labor & Administration	Software & Hosting	Training	Match	Medicaid	CHIP	FNS Share	State Share	Total
Medical (CMS)	$ -	$67,516,379	$67,516,379	81.79%	$ 56,109,015			90%	$ 50,498,114			$ 5,610,902	$ 56,109,015
						$ 10,959,057		75%	$ 8,219,293			$ 2,739,764	$ 10,959,057
							$ 449,309	50%	$ 224,154			$ 224,154	$ 449,309
Subtotal									$ 58,941,560	$ -	$ -		
CHIP (CMS)	$ -	$ 7,785,026	$ 7,785,026	9.43%	$ 6,469,691			74%		$ 4,790,159		$ 1,679,532	$ 6,469,691
						$ 1,263,642		74%		$ 935,601		$ 328,041	$ 1,263,642
							$ 51,692	74%		$ 38,259		$ 13,433	$ 51,692
Subtotal									$ -	$ 5,764,019	$ -		
SNAP (FNS)	$ 7,250,000	$ -	$ 7,250,000	8.78%	$ 6,750,000			50%			$ 3,375,000	$ 3,375,000	$ 6,750,000
						$ 500,000		50%			$ 250,000	$ 250,000	$ 500,000
							$ -	50%			$ -	$ -	$ -
Subtotal									$ -	$ -	$ 3,625,000		
Total	$ 7,250,000	$75,301,405	$ 82,551,405	100.00%	$ 69,328,706	$ 12,722,699	$ 500,000		$ 58,941,560	$ 5,764,019	$ 3,625,000	$ 14,226,826	$ 82,551,405
									71.40%	6.98%	4.39%	17.23%	100.00%

Division of funding and activities between HIX-IT and DHSM during 2011-2013

As a part of Oregon's Health Insurance Exchange initiative, the Oregon Legislature established a Health Insurance Exchange Corporation (now Cover Oregon) during its 2011 legislative session. The establishment of Cover Oregon was to allow for the most effective management of the Health Insurance Exchange, by increasing public accountability, and encouraging innovation through an organization dedicated solely to the management of the Exchange.

During the early formation of Cover Oregon, DHS/OHA moved forward with the early development of the exchange, funded in great part by CCIIO's Early Innovator grant program. The funding model for the State's 11-13 biennium is summarized below:

Table 3.5.4 – 2011-13 Funding for HIX-IT and DHSM

Program State Fiscal Year	Jul-Sep 2011	Oct-Dec 2011	Jan-Mar 2012	Apr-Jun 2012	Total
Medical (CMS)	$ 90,364	$ 1,827,516	$ 3,749,449	$ 4,947,557	$10,614,886
CHIP (CMS)	$ 12,799	$ 409,499	$ 731,990	$ 1,030,501	$ 2,184,789
SNAP (FNS)	$ 48,418	$ 189,866	$ 399,599	$ 866,383	$ 1,504,266
HIX (CCIIO)	$ 2,059,777	$ 4,126,651	$ 7,489,204	$ 13,255,684	$26,931,316
State	$ 62,946	$ 718,110	$ 1,254,463	$ 1,959,035	$ 3,994,554
Quarter Total	$ 2,274,304	$ 7,271,642	$ 13,624,706	$ 22,059,160	$45,229,811
Cumulative		$ 9,545,946	$ 23,170,652	$ 45,229,811	

State Fiscal Year	Jul-Sep 2012	Oct-Dec 2012	Jan-Mar 2013	Apr-Jun 2013	Total	2011 & 2012
Medical (CMS)	$ 5,093,840	$ 5,671,712	$ 5,610,190	$ 5,628,566	$22,004,309	$ 32,619,195
CHIP (CMS)	$ 1,051,220	$ 1,040,164	$ 1,031,451	$ 1,034,053	$ 4,156,888	$ 6,341,677
SNAP (FNS)	$ 1,181,271	$ 1,139,446	$ 1,106,482	$ 1,116,328	$ 4,543,528	$ 6,047,794
HIX (CCIIO)	$ 15,225,335	$ 14,862,523	$ 2,571,011	$ -	$32,658,870	$ 59,590,186
State	$ 2,297,441	$ 2,315,948	$ 2,273,093	$ 2,285,893	$ 9,172,375	$ 13,166,929
Quarter Total	$ 24,849,108	$ 25,029,794	$ 12,592,227	$ 10,064,841	$72,535,970	$ 117,765,781

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As the 11-13 biennium closes, it appears that our biennial budget assumptions will be very close to target. It is anticipated that upon final adjustments at the close of the period, we will reflect the expenditures that were projected in our budget.

In the upcoming State biennial budget period, we will no longer reflect any expenditures or activities for Exchange-only work; and propose the division of the two projects as follows:

- All HIX-IT specific efforts will be funded solely by the CCIIO Level 2 grant, CMS and Cover Oregon funds; which are not detailed in this document.
- DHSM project efforts for benefit eligibility automation and Oregon Policy Automation rules will be charged against CMS funds at the enhanced 90/10 rate for development/implementation labor and administration efforts, and 75/25 for software and hosting costs using DHS/OHA General Obligation Bonds to fund the state matching portion. The DHSM efforts should be charged predominately to CMS enhanced funding with the exception of specific efforts solely associated with modernization of SNAP systems.
- Foundational Services efforts are all eligible for CMS enhanced funding as the efforts currently are focused on delivering the infrastructure and services required to support the medical eligibility determination. 13-15 State biennial allocations between DHSM are outlined below.

4. CURRENT IAPD-U BUDGET

The following IAPD-U budget update is pulled directly from the Cost Allocation Plan by Federal Fiscal Year (July 2013 through June 2015).

Table 4.1 – Current IAPD-U Budget

Federal Fiscal Year						
	FFY 2013*	FFY 2014	FFY 2015	FFY 2016**	FFY2017**	Total
Labor & Administration	$ 1,845,626	$ 6,840,723	$ 4,925,057			$13,611,405
L&A Contracts	$10,962,374	$29,064,345	$16,190,583			$56,217,301
S&H	$ 1,625,337	$ 6,369,850	$ 4,727,511			$12,722,698
Total	$14,433,337	$42,274,917	$25,843,151	$ -	$ -	$82,551,404
Cumulative		$56,708,253	$82,551,404	$82,551,404	$82,551,404	

** FFY 2013 total is for July-Sept 2013 Only.*

***Budget for July 2015 forward will be provided in 2014 IAPDU.*

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Table 4.2 outlines the program funding spread over the next two years; with quarterly expenditure projection detailed through the next State biennial budget period.

Table 4.2 – State Biennium Budget

Program					
State Fiscal Year	Jul-Sep 2013	Oct-Dec 2013	Jan-Mar 2014	Apr-Jun 2014	Total
Medical(CMS)	$10,351,893	$ 9,286,108	$ 7,580,852	$ 6,728,224	$33,947,076
CHIP (CMS)	$ 1,004,656	$ 903,034	$ 740,439	$ 659,142	$ 3,307,271
SNAP (FNS)	$ 650,699	$ 580,137	$ 467,237	$ 410,788	$ 2,108,861
State	$ 2,426,089	$ 2,194,625	$ 1,824,283	$ 1,639,113	$ 8,084,110
Total	$14,433,337	$12,963,904	$10,612,812	$ 9,437,266	$47,447,319
Cumulative for Year		$27,397,241	$38,010,053	$47,447,319	

Program							
State Fiscal Year	Jul-Sep 2014	Oct-Dec 2014	Jan-Mar 2015	Apr-Jun 2015	Total	FY 13-15	FY 13-15
Medical(CMS)	$ 6,600,330	$ 6,344,542	$ 6,088,753	$ 5,960,858	$24,994,483	$58,941,560	71.40%
CHIP (CMS)	$ 646,947	$ 622,558	$ 598,168	$ 587,380	$ 2,455,053	$ 5,762,324	6.98%
SNAP (FNS)	$ 402,320	$ 385,385	$ 368,450	$ 359,983	$ 1,516,139	$ 3,625,000	4.39%
State	$ 1,611,337	$ 1,555,786	$ 1,500,235	$ 1,471,053	$ 6,138,410	$14,222,520	17.23%
Total	$ 9,260,934	$ 8,908,270	$ 8,555,607	$ 8,379,274	$35,104,085	$82,551,404	100.00%
Cumulative for Year		$18,169,205	$26,724,811	$35,104,085			
Cummulative for Biennium	$56,708,253	$65,616,524	$74,172,130	$82,551,404			

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The Table 4.3 view reflects anticipated expenditures by Federal Fiscal Year (July 2013 through June 2015) and reflects how much is allotted to the categories of Labor and Administration, Labor and Administration Contracts, and Software and Hosting.

Table 4.3 – IAPD-U Budget by Federal Fiscal Quarter

Federal Fiscal Year					
	Oct-Dec 2012	Jan-Mar 2013	Apr-Jun 2013	July-Sep 2013	FFY 2013
Labor & Administration				$ 1,845,626	$ 1,845,626
L&A Contracts				$ 10,962,374	$ 10,962,374
S&H				$ 1,625,337	$ 1,625,337
Total				$ 14,433,337	$ 14,433,337
Cumulative				$ 14,433,337	
	Oct-Dec 2013	Jan-Mar 2014	Apr-Jun 2014	July-Sep 2014	FFY 2014
Labor & Administration	$ 1,794,126	$ 1,711,726	$ 1,670,526	$ 1,664,346	$ 6,840,723
L&A Contracts	$ 9,556,941	$ 7,308,249	$ 6,183,903	$ 6,015,251	$ 29,064,345
S&H	$ 1,612,837	$ 1,592,837	$ 1,582,837	$ 1,581,337	$ 6,369,850
Total	$ 12,963,904	$ 10,612,812	$ 9,437,266	$ 9,260,934	$ 42,274,917
Cumulative	$ 12,963,904	$ 23,576,716	$ 33,013,982	$ 42,274,917	
	Oct-Dec 2014	Jan-Mar 2015	Apr-Jun 2015	July-Sep 2015	FFY 2015
Labor & Administration	$ 1,651,986	$ 1,639,626	$ 1,633,446		$ 4,925,057
L&A Contracts	$ 5,677,947	$ 5,340,644	$ 5,171,992		$ 16,190,583
S&H	$ 1,578,337	$ 1,575,337	$ 1,573,836		$ 4,727,511
Total	$ 8,908,270	$ 8,555,607	$ 8,379,274	$ -	$ 25,843,151
Cumulative	$ 8,908,270	$ 17,463,877	$ 25,843,151	$ 25,843,151	

Total by Category		Total by FFY	
Labor & Administration	$ 13,611,405	FFY 2013 (july-Sep Only)	$ 14,433,337
L&A Contracts	$ 56,217,301	FFY 2014	$ 42,274,917
S&H	$ 12,722,698	FFY 2015 (thru Jun 2015)*	$ 25,843,151
Total	$ 82,551,404	Total	$ 82,551,404

**Budget for July 2015 forward will be provided in 2014 IAPDU.*

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The Table 4.4 view reflects anticipated expenditures by Federal Fiscal Year (July 2013 through June 2015) by program area.

Table 4.4 – Federal Fiscal year by Program

Program					
Federal Fiscal Year				Jul-Sep 2013	Total
Medical(CMS)				$10,351,893	$10,351,893
CHIP (CMS)				$ 1,004,656	$ 1,004,656
SNAP (FNS)				$ 650,699	$ 650,699
State				$ 2,426,089	$ 2,426,089
Total				$14,433,337	$14,433,337
Cumulative for Year					$14,433,337

Program					
Federal Fiscal Year	Oct-Dec 2013	Jan-Mar 2014	Apr-Jun 2014	Jul-Sep 2014	Total
Medical(CMS)	$ 9,286,108	$ 7,580,852	$ 6,728,224	$ 6,600,330	$30,195,514
CHIP (CMS)	$ 903,034	$ 740,439	$ 659,142	$ 646,947	$ 2,949,562
SNAP (FNS)	$ 580,137	$ 467,237	$ 410,788	$ 402,320	$ 1,860,482
State	$ 2,194,625	$ 1,824,283	$ 1,639,113	$ 1,611,337	$ 7,269,358
Total	$12,963,904	$10,612,812	$ 9,437,266	$ 9,260,934	$42,274,917
Cumulative for Year		$23,576,716	$33,013,982	$42,274,917	
Cummulative Total	$27,397,241	$38,010,053	$47,447,319	$56,708,253	

Program					
Federal Fiscal Year	Oct-Dec 2014	Jan-Mar 2015	Apr-Jun 2015	Jul-Sep 2015	Total
Medical(CMS)	$ 6,344,542	$ 6,088,753	$ 5,960,858	$ -	$18,394,153
CHIP (CMS)	$ 622,558	$ 598,168	$ 587,380	$ -	$ 1,808,106
SNAP (FNS)	$ 385,385	$ 368,450	$ 359,983	$ -	$ 1,113,818
State	$ 1,555,786	$ 1,500,235	$ 1,471,053	$ -	$ 4,527,073
Total	$ 8,908,270	$ 8,555,607	$ 8,379,274	$ -	$25,843,151
Cumulative for Year		$17,463,877	$25,843,151	$25,843,151	
Cummulative Total	$65,616,524	$74,172,130	$82,551,404	$82,551,404	

Program				
Federal Fiscal Year	Jul-Sep 2013	Jul-Sep 2013	Oct 2013-June 2015	Oct 2013-June 2015
Medical(CMS)	$10,351,893	71.7%	$48,589,667	71.33%
CHIP (CMS)	$ 1,004,656	7.0%	$ 4,757,668	6.98%
SNAP (FNS)	$ 650,699	4.5%	$ 2,974,301	4.37%
State	$ 2,426,089	16.8%	$11,796,431	17.32%
Total	$14,433,337	100.0%	$68,118,067	100.00%
Cumulative Total			**$82,551,404**	

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The Table 4.5 view shows the project cost allocation for Design, Development, and Implementation Phase. It includes expenditures for Federal Fiscal Year 2013-2015 (ending June 30, 2015).

Table 4.5 – Project Cost Allocation for DDI (covers FFY 2013-2015 ending June 30, 2015)

Period	Project Total*	Medicaid Allocation %	Medicaid Allocation Amount	CHIP Allocation %	CHIP Allocation Amount	Medicaid + CHIP Allocation %	Medicaid + CHIP Allocation Amount	State Allocation %*	State Allocation Amount*	Exchange Grant Share*	SNAP (FNS) Allocation %*	SNAP (FNS) Allocation Amount*	Total
Q4: July - Sept 2013	$ 14,433,337	71.72%	$ 10,351,893	6.96%	$ 1,004,656	78.68%	$ 11,356,549	16.81%	$ 2,426,089	-	4.51%	$ 650,699	$14,433,337
FFY 2013	$ 14,433,337	71.72%	$ 10,351,893	6.96%	$ 1,004,656	78.68%	$ 11,356,549	16.81%	$ 2,426,089	-	4.51%	$ 650,699	$ 14,433,337
Q1: Oct - Dec 2013	$ 12,963,904	71.63%	$ 9,286,108	6.97%	$ 903,034	78.60%	$ 10,189,142	16.93%	$ 2,194,625		4.48%	$ 580,137	$12,963,904
Q2: Jan - Mar 2014	$ 10,612,812	71.43%	$ 7,580,852	6.98%	$ 740,439	78.41%	$ 8,321,291	17.19%	$ 1,824,283		4.40%	$ 467,237	$10,612,812
Q3: Apr - June 2014	$ 9,437,266	71.29%	$ 6,728,224	6.98%	$ 659,142	78.28%	$ 7,387,366	17.37%	$ 1,639,113		4.35%	$ 410,788	$ 9,437,266
Q4: July - Sept 2014	$ 9,260,934	71.27%	$ 6,600,330	6.99%	$ 646,947	78.26%	$ 7,247,277	17.40%	$ 1,611,337		4.34%	$ 402,320	$ 9,260,934
FFY 2014	$ 42,274,917	71.43%	$ 30,195,514	6.98%	$ 2,949,562	78.40%	$ 33,145,076	17.20%	$ 7,269,358	$ -	4.40%	$1,860,482	$42,274,917
Q1: Oct - Dec 2014	$ 8,908,270	71.22%	$ 6,344,542	6.99%	$ 622,558	78.21%	$ 6,967,099	17.46%	$ 1,555,786		4.33%	$ 385,385	$ 8,908,270
Q2: Jan - Mar 2015	$ 8,555,607	71.17%	$ 6,088,753	6.99%	$ 598,168	78.16%	$ 6,686,922	17.54%	$ 1,500,235		4.31%	$ 368,450	$ 8,555,607
Q3: Apr - June 2015	$ 8,379,274	71.14%	$ 5,960,858	7.01%	$ 587,380	78.15%	$ 6,548,238	17.56%	$ 1,471,053		4.30%	$ 359,983	$ 8,379,274
Q4: July - Sept 2015	$ -						$ -						$ -
FFY 2015	$ 25,843,151	71.18%	$ 18,394,153	7.00%	$ 1,808,106	78.17%	$ 20,202,259	17.52%	$ 4,527,073	$ -	4.31%	$1,113,818	$25,843,151
Total	$ 82,551,404	71.40%	$ 58,941,560	6.98%	$ 5,762,324	78.38%	$ 64,703,884	17.23%	$ 14,222,520		4.39%	$3,625,000	$82,551,404

*Please note that total project costs, human services, exchange-allocated, and SNAP costs are for informational purposes only. This letter only approves enhanced Medicaid/CHIP funding.

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The Table 4.6 view shows the Medicaid Detailed Budget Table for Design, Development, and Implementation Phase. It includes expenditures for Federal Fiscal Year 2013-2015 (ending June 30, 2015).

Table 4.6 – Medicaid Detailed Budget Table for DDI (covers FFY 2013-2015 ending June 30, 2015)

Period	Medicaid Share (90% FFP)	State Share (10%)	Medicaid Share (75% FFP)	State Share (25%)	Medicaid Share (50% FFP)	State Share (50%)	CHIP Share (74% FFP)	State Share (26%)	Medicaid + CHIP FFP Total	State Share Total	SNAP (FNS) (50%)	State Share (50%)	Total
	28A & 28B++	--	28C & 28D++	--	29++	--	33++	--					
Q1									$ -	$ -			$ -
Q2									$ -	$ -			$ -
Q3									$ -	$ -			$ -
Q4	$ 9,258,160	1,028,684	$ 1,050,023	350,008	43,710	43,710	1,004,656	352,987	$ 11,356,549	$ 1,775,389	650,699	650,699	$14,433,337
FFY 2013	$ 9,258,160	$ 1,028,684	$ 1,050,023	$ 350,008	$ 43,710	$ 43,710	$ 1,004,656	$ 352,987	$ 11,356,549	$ 1,775,389	$ 650,699	$ 650,699	$14,433,337
Q1	8,206,054	911,784	1,041,947	347,316	38,106	38,106	903,034	317,282	$ 10,189,142	$ 1,614,488	580,137	580,137	$12,963,904
Q2	6,522,685	724,743	1,029,027	343,009	29,140	29,140	740,439	260,154	$ 8,321,291	$ 1,357,046	467,237	467,237	$10,612,812
Q3	5,681,001	631,222	1,022,566	340,855	24,657	24,657	659,142	231,590	$ 7,387,366	$ 1,228,325	410,788	410,788	$ 9,437,266
Q4	5,554,748	617,194	1,021,597	340,532	23,984	23,984	646,947	227,306	$ 7,247,277	$ 1,209,017	402,320	402,320	$ 9,260,934
FFY 2014	$ 25,964,489	$ 2,884,943	$ 4,115,138	$ 1,371,713	$ 115,888	$ 115,888	$ 2,949,562	$ 1,036,333	$ 22,955,934	$ 3,794,388	$ 1,860,482	$1,860,482	$42,274,917
Q1	5,302,243	589,138	1,019,659	339,886	22,640	22,640	622,558	218,737	$ 6,967,099	$ 1,170,401	385,385	385,385	$ 8,908,270
Q2	5,049,738	561,082	1,017,721	339,240	21,295	21,295	598,168	210,167	$ 6,686,922	$ 1,131,784	368,450	368,450	$ 8,555,607
Q3	4,923,485	547,054	1,016,751	338,917	20,622	20,622	587,380	204,477	$ 6,548,238	$ 1,111,070	359,983	359,983	$ 8,379,274
Q4									$ -	$ -			$ -
FFY 2015	$ 15,275,465	$ 1,697,274	$ 3,054,132	$ 1,018,044	$ 64,556	$ 64,556	$ 1,808,106	$ 633,380	$ 13,235,160	$ 2,242,854	$ 1,113,818	$1,113,818	$25,843,151
Total	$ 50,498,114	$ 5,610,902	$ 8,219,292	$ 2,739,764	$ 224,154	$ 224,154	$ 5,762,324	$ 2,022,700	$ 47,547,643	$ 7,812,631	$ 3,625,000	$3,625,000	$82,551,404

++MBES Line Item			
28A	E&E - Title 19	(Medicaid) DDI - In-house Activities	
28B	E&E - Title 19	(Medicaid) DDI - Contractors	
28C	E&E - Title 19	(Medicaid) Software/Services/Ops - In-house Activities	
28D	E&E - Title 19	(Medicaid) Software/Services/Ops - Contractors	
29	E&E - Title 19	(Medicaid) Other Financial Participation	
33	E&E - Title 21	(CHIP) Administration	

OR-HIX-1-000020294

REEVES Liani * GOV

From: KING Rocky [redacted]
Sent: Tuesday, November 19, 2013 7:02 PM
To: KOLMER Sean P * GOV; BONETTO Mike * GOV; WENTZ Patty; DELAROSA Triz; GOLDBERG Bruce; FAUVER Amy
Subject: FW: Meeting Today

Fyi

R

Rocky King | Executive Director | Cover Oregon [redacted]

On 11/19/13, 10:46 AM, "King Rocky" [redacted] wrote:

>Edward,
>
>I am fine with your recommendation. That said, It is important that we
>leave open to the 9:00 meeting the good debate that must occur around
>the difference between a blocker, business critical, new functionality
>or requirement, defect, etc. I concur with no new requirements, scope,
>functionality, etc unless related specifically to our goal of a
>functioning system 12-9 and 12-16. Please excuse my lack of IT
>understanding but I believe we are on the same page.
>
>It is also important to note that the October 1st deliverable included
>end to end individual, SHOP and their supporting interfaces, as well as
>a significant number of dashboards (CSR, agents, carriers, etc.). At
>Oracle's request, we have continually cut initial launch scope over the
>last 4 months in an attempt to bring up the basic portal site.
>Additionally, as various functionalities have been brought into the FTS
>environment for testing and just plain visual review new blockers or
>critical defects have been surfaced. So while I will support "drawing
>the line" I just think it is important to say that we have moving that
>line (in the broadest sense) continually in support to bring up the "basic"
>portal functionality.
>
>I'm glad you are here - you will push your team and us and that is a
>good thing. Please let me know any time I need to intervene or if a
>problem surfaces that you need me to address.
>
>Rocky
>
>
>
>
>
>Rocky King | Executive Director | Cover Oregon | 3414 Cherry Ave NE
>Suite
[redacted]
>
>

>
>On 11/19/13 8:55 AM, "Edward Screven" [redacted] wrote:
>
>>Rocky,
>>
>>There is a standing meeting between Oracle and Cover Oregon called the
>>"Scope Checkpoint" meeting, scheduled for Tuesdays at 3pm. Triz and
>>Aaron attend, among others. My understanding is that new requirements
>>are often discussed at that meeting. Given where we are on the
>>schedule, I think we have to suspend discussion of new requirements
>>until after the go live. I propose that we cancel that meeting for
>>now so that the Oracle folks can focus on go live related tasks.
>>
>> - Edward
>>
>>
>>On 11/19/2013 8:18 AM, King Rocky wrote:
>>> Thanks Edward. I look forward to reports on our progress as we move
>>> forward. I do appreciate you commitment to bring the site up by the
>>> target dates.
>>>
>>> Rocky
>>>
>>[redacted]
>>>

>>>
>>>
>>>
>>>
>>>
>>>
>>> On 11/19/13, 1:53 AM, "Edward Screven" [redacted]
>>>wrote:
>>>
>>>> Rocky,
>>>>
>>>> I want to thank for taking the time to meet with me today. I was
>>>>glad to hear that we are of similar mind with respect to locking
>>>>down the feature set given our tight deadline. To that end, I want
>>>>to let you know about a direction I have given the Oracle team.
>>>>For the time being, the team is to focus exclusively on issues that
>>>>block "go live". Working on an enhancement will need my approval.
>>>>
>>>> - Edward
>>
>

From: "Pettit, Alex" [redacted]
Sent: 5/13/2014 8:19:53 PM +0000
To: Safra Catz [redacted]
CC: "Hamstreet, C" [redacted]
Subject: Re: Extension of Oracle consulting services contract

Dear Safra:

I appreciate the observation that there is an aggressive timeline for accomplishing all that has been set out to do, particularly on the Oregon Health Authority side. The architectural slides I submitted to Edward were for discussion purposes only, we do not expect to work that design until a later date.

I have forwarded your request to my leadership for a meeting for a holistic discussion of the issues. I expect you will hear from them directly.

Thank you for supporting the contract extensions. As the technology leader for the state, it is important that I have the ability to address the technical work in cooperation with my vendor teams, especially in difficult times. The Oracle team here at Cover Oregon consistently exhibits professionalism and focus, which is a credit to Mariusz Neter, the on-site Oracle team lead.

Sincerely,

Alex Z. Pettit, Ph.D.
Chief Information Officer, State of Oregon
Acting CIO, Cover Oregon
[redacted]

From: Safra Catz [redacted]
Date: Monday, May 12, 2014 4:46 PM
To: Alex Pettit [redacted]
Cc: "edward.screver [redacted] Clyde Hamstreet <chamstreet [redacted]
Subject: Re: Extension of Oracle consulting services contract

May 12, 2014

Dear Alex,
Thank you for the information you provided on Friday regarding Cover Oregon and OHA's transition plans. Oracle remains committed to providing the assistance the State needs in transitioning the current projects. However, it appears to Oracle that a number of the items listed in the material go well beyond transition work and are unrealistic, problematic, or both. For example, Oracle believes the timeline for completing what OHA has labeled "critical functionality" by the end of June is overly aggressive given the State's plans. Oracle also has fundamental concerns about the wisdom of the proposed architecture simplification, particularly because its success appears to be dependent on the use of a significant amount of custom code that is not yet written. Oracle appreciates that the State is in charge of these projects, and in that role may have additional detail that gives it confidence that these deadlines can be met. But from Oracle's view, these plans will likely be difficult, if not

impossible, to achieve in the aggressive timeframe stated.

While Oracle cannot agree to provide what is outlined in the material that you provided, Oracle is nonetheless willing to continue providing consulting services to support the State, assuming that the appropriate ordering documents can be executed. To that end, Oracle is willing to execute ordering documents with Cover Oregon and with OHA for the same scope of work signed in April, but limited to a two-week time period, with the option to consider a second two-week extension in mid-June. Oracle will provide those documents for signature in the near future. For purposes of clarity, we feel it will be necessary to specifically call out that we are not intending to incorporate the materials you sent into any new ordering document.

Finally, no plan can be successful without a resolution of the payment issues between the parties because, as you know, neither Cover Oregon nor the State has the right to use the software that Oracle developed until Oracle has received payment for its work. Ultimately, none of the State's transition plans can be realized until those issues are behind us. Oracle requests that a meeting be set up the first week of June with the appropriate decision maker for the State to get the issues resolved. Your email suggests that it is the Governor who will be making the decision. Please let me know if Oracle should contact the Governor's office directly to schedule the meeting or if you will be coordinating that effort.

Thanks again for speaking with us. Please let me know if you have any further questions.

Regards, Safra

On May 9, 2014, at 6:48 PM, "Pettit, Alex" [redacted] wrote:

> Safra and Edward:
>
> As per our conversation yesterday, you requested four items from me.
>
> First, you asked for a plan that clearly identified exactly what tasks Cover Oregon needed from OCS during the 30 day extension and how we would transition to another vendor. To that end, I've prepared the attached Cover Oregon Oracle Extension memo outlining the general tasks and dates Cover Oregon hopes to complete with Oracle's assistance through the extension of our OCS contract until June 28, 2014.
>
> Second, you asked me to forward your desire to resolve the issues between the State of Oregon and Oracle. As per your request, I have spoken with the Governor's Chief of Staff, alerting him to your request.
>
> Third, Edward was to be our contact for architectural design support. I will forward him a preliminary simplification design for his review and comment after I have completed this email.

Fourth, you requested a similar outline for what OHA would hope to complete with an extension of their contract. I have worked with John Koreski, the interim CIO for OHA to get their plan, and I believe the Critical Operational Functionality – OHA request for Oracle Support powerpoint attached describes these items.

I appreciate you both making the time to converse with with me yesterday. I generally do not use this email account nor this office, and I share office space at Cover Oregon with Sarah Miller. Sarah is the project manager for the migration of our QHP to FFM and Medicaid to the Oregon Health Authority. She was working here during our call but I did not stop to introduce you to her.

I believe this fulfills the things you asked as a prerequisite to agree to the extension requests.

I look forward to hearing from you at your earliest convenience.

Sincerely,

Alex Z. Pettit, Ph.D.
Chief Information Officer, State of Oregon
Acting Chief Information Officer, Cover Oregon
155 Cottage St. NE
[redacted]

<Critical Operational Functionality - OHA request for Oracle Support.pptx>

<Oracle Request for Continuation 50915.docx>

From: BONETTO Mike * GOV [redacted]
Sent: 10/26/2013 11:04:52 PM +0000
To: Fauver Amy [redacted]
CC: King Rocky [redacted] Karjala Aaron [redacted] delaRosa Triz [redacted]
Subject: Re: Exchange Website

Amy
If it's possible to have something by tomorrow that would be great...but also understand you guys are swamped.
Many thx
MB

Sent from my iPhone

On Oct 26, 2013, at 2:36 PM, "Fauver Amy" [redacted] wrote:

> Hi mike - I can add in some data and distill this down for you a bit but I'm out and about this afternoon evening. How quick do you need this?
>
> Sent from my iPhone
>
> On Oct 26, 2013, at 12:33 PM, "King Rocky" [redacted] wrote:
>
> > Hi Mike,
> >
> > I'm going to let Amy put the formal bullet points together for you and the Governor but I thought I would offer some more detailed information in case Amy or you wanted to use it.
> >
> > First, I would suggest that the Gov visit CoverOregon.com for view of public site if he hasn't been there yet.
> >
> > Ok – here we go:
> >
> > We made some great progress last week – we had 15 IT'ers and a few program folks in a room Wednesday night where there was a lot of applause and smiles – none bigger than mine. It was a significant evening and considered breaking through the damn.
> >
> > For a variety of family groups, we demonstrated end to end (open account, shop, select plan and send enrollment file to carrier) and it worked the way it is supposed to.

Our carrier partner was Lifewise and we were able to connect with them, as well as the fed hub for verifications. This was for non-financial assistance individuals and families. Based on that, and with further testing next week, we're targeting the week of November 4th for agents to enroll non-financial assistant applicants.

They are moving a large number of bug fixes into the testing environment this weekend so that this Sunday or Monday we'll be deep dive testing the financial assistance application process end to end (open account, determine eligibility for Medicaid, HK or tax credit, shop, select plan and send enrollment file to carrier).

Our target is to open the portal to the agent and community partners the week of November 15th – but this is all dependent on the validation of the testing that will begin this Monday. This means that the portal provides the correct determination including correct program, tax credit, family purchasing group, etc.

Additionally, we are in performance testing - meaning where can we break the system – where are the bottlenecks. Oracle has a special team they're brought in the last week to perform these tests. We anticipate that we'll put a throttle on the front door so that we can only have 10,000 active participants in account creation at the same time – trying to be safe. 30-40 thousand can browse but more than 10,000 in account creation and we will limit access to that area of the portal.

Beyond the IT and the portal, Amy can give you the latest numbers relating to the applications that we've received and the number of electronic accounts that have been created by CPA's (community partners and agents). We are working applications at our service center and hope to have enrollment packets starting to go out next week, probably the end of the week (plan selection), and begin moving the 2-3,000 Medicaid/HK eligible individuals to OHA for enrollment processing.

There will continue to be challenges – but we will stage the rollout so that we can test, fix, etc. as much as possible with our partners before we go live with public.

I do feel better this weekend than I did last weekend – and I believe I share that optimism with many of the project staff. We are putting a lot of pressure on Oracle and Aaron and I actually talked with a direct report to Larry Ellison on Friday who is trying to coordinate his company's efforts on a national basis to the problems with both the federal and state exchanges.

Both Cover Oregon and Oracle staff are working this weekend and I will be getting updates later today and tomorrow. If there is something that changes I'll let you know.

One final comment – you know that I have not been optimistic or smiling very much in the last few weeks – so I do hope my optimism is not just wishful thinking as we've been disappointed so many times over the last couple of months. We will know a lot more Monday as they push the fixes we've been working on for the past couple of weeks into the testing environment and begin running the test scripts Sunday or Monday morning. I'm scheduled for a full walk through at 8:30 on Monday or on Monday night. If I'm still smiling, I'm going to stop of pizza on the way home!

Amy – now it is your turn!

Aaron – any new info, please let us know.

R

Rocky King | Executive Director | **Cover Oregon** [redacted]

From: Mike Bonetto BONETTO STATE EMAIL
Date: Saturday, October 26, 2013 11:31 AM
To: King Rocky [redacted], delaRosa Triz [redacted], Fauver Amy [redacted]
Subject: Fwd: Exchange Website

Sorry to bother you guys on the weekend...but Gov just

inquired about progress/update on website. I spoke to him yesterday and mentioned again that we will most likely schedule a call with him an an oracle exec this week.

If you have time, can you shoot me 3-4 bullet points that highlight where we are and next critical steps moving forward.
Many thx,
MB

Sent from my iPhone

Begin forwarded message:

From: John Kitzhaber [redacted]
Date: October 26, 2013 at 10:58:51 AM **PDT**
To: GOLDBERG Bruce [redacted] BONETTO Mike * GOV [redacted], KOLMER Sean P * GOV [redacted]
Subject: Exchange Website

Any up dates on CoverOreogn website?

JK

REEVES Liani * GOV

From: KING Rocky [redacted]
Sent: Thursday, November 14, 2013 7:12 AM
To: BONETTO Mike * GOV; FAUVER Amy
Cc: KING Rocky; DELAROSA Triz; Barenberg, David
Subject: Re: DC mtgs tomorrow

Hi Mike - first, the problems are related to the expansive scope we took on - to much to do and to little time - we're about 2-3 months behind where we wanted to be. This has led to inadequate testing and quality control of the eligibility and shopping processes. The system is not broke, just not complete and needs testing.

I don't have the month to month projections for current enrollment - but our objective is between 30,000 and 38,000 by Jan 1st - which is a reduction of about 20K from the original projections. These are still tentative as you can understand.

Our low end projections for sustainability are approximately 114 K at end of 2014 and mid at 165K. That assumes SHOP comes up in the first quarter of next year.

R

Rocky King | Executive Director | Cover Oregon | [redacted]

On 11/14/13, 6:57 AM, "BONETTO Mike[redacted]BONETTO STATE EMAIL
wrote:

>Thx Amy..this is great.
>
>..good discussion with Bloomberg government media folks this
>morning..will let u know how things go with hill staffers later today
>
>Sent from my iPhone
>
>> On Nov 14, 2013, at 9:34 AM, "Fauver Amy" [redacted]
>>wrote:
>>
>> I should add that in one on ones it have mentioned we are aiming for
>>mid December.
>>
>> Sent from my iPhone
>>
>>> On Nov 13, 2013, at 9:49 PM, "BONETTO Mike * GOV"
[redacted]BONETTO STATE EMAIL wrote:
>>>
>>> Fyi...wanted to let you know that in light of what just went out
>>>from the WH today, my scheduled mtgs tomorrow with Bloomberg
>>>media..and with House and Senate staff have been revised a bit (at
>>>their request) to focus more on exchange work.
>>>
>>> My plan is to tell the story around our commitment to get the IT
>>>working - but that we feel more time is needed to ensure accurate
>>>eligibility determination. If I'm pushed on a specific date...let me
>>>know your best answer....mid-Dec??
>>>

>>> In addition, I'll reiterate that our focus is on coverage and the
>>>sustainability of the exchange. As the Gov has stated...the exchange
>>>is only the means to an end. At the present time, we have a very
>>>strong grassroots efforts of mobilizing agents and community partners
>>>to help in filling out applications and either sending them in via
>>>pdf or mailing them.
>>>
>>> Some numbers I would like to have in my back pocket...
>>> 1) Current applications
>>> 2) Monthly projections (Oct, Nov and Dec)
>>> 3) End of year -- low end projections to be sustainable
>>>
>>> Bottom line...want to show that we are on pace to meet projections
>>>and be on a sustainable path.
>>>
>>> many thx,
>>> MB

From: SANDAU Jonathan * GOV [redacted]
Sent: 1/30/2014 12:55:49 AM +0000
To: WENTZ Patty <WENTZ STATE EMAIL
CC: GREENFIELD Ian * GOV <[redacted]>; HARMON JOHNSON Nkenge * GOV <HARMON JOHNSON STATE EMAIL; WRAY Rachel * [redacted]; KOLMER Sean <KOLMER STATE EMAIL
Subject: Positive CO Agent

Cover Oregon is NOT broken. The website portal DOES work for agents. We can enroll people over the phone. Typically, the consumer will receive their enrollment material in about four days.

Why is the media not illustrating how to navigate the system??? We have found it very easy to enroll consumers since the week before Thanksgiving. Our two person agency has enrolled about 1000 people in ten weeks.

Feel free to ask questions. I promise we have more insight than any of the Cover Oregon board meetings that I have attended.

Andrew Eachon

Century Benefits

http://centurybenefits.com/

[redacted]

From: "Goldberg, Bruce" GOLDBERG COVER OREGON EMAIL
Sent: 1/17/2014 12:16:21 AM +0000
To: KOLMER Sean P * GOV KOLMER STATE EMAIL ; BONETTO Mike * GOV BONETTO STATE EMAIL
Subject: FW: Cover Oregon Update

Keeping you in the loop

From: <Goldberg>, Bruce Goldberg <GOLDBERG COVER OREGON EMAIL
Date: Thursday, January 16, 2014 3:39 PM
[redacted]
Subject: Cover Oregon Update

Board Members

Writing with an update since our meeting last Thursday.

Yesterday I testified in front of three legislative committees which I know generated a lot of press coverage. My update to the legislature and to you is as follows:

1. Enrollment Today
Over 180,000 Oregonians enrolled in coverage
160,104 Medicaid
118,000 in Medicaid through Oregon "fast track" process
42,104 in Medicaid through Cover Oregon

23,828 in private coverage through Cover Oregon

Cover Oregon specific numbers (subset of above)

65,932 enrolled through Cover Oregon
42,104 into Medicaid
23,828 into private coverage

There are an additional ~25,000 individuals who have come through Cover Oregon, have been determined eligible for their commercial coverage, have the information they need to enroll, but have yet to do so.

2. Website

Function:

We have reduced the critical defects from 45 to about 13. Parts of the system are working but also, obviously, important parts are not. Over the next few weeks Oracle is entering intense testing on key areas of the system and when that is done we will have a better sense of when a fully functioning website can be available.

Accountability

We've made a large investment in the website and with Oracle. We are working collaboratively to get the website fully launched. At the same time, everyone including oracle is aware that we don't have the kind of end to end functionality and ability for someone to enroll that we contracted for. Further payment is contingent on a functional website. So far, over 20 million dollars has been held back. In addition, we've hired an attorney to look at additional options to hold oracle accountable under the time and materials contract.

I have brought in experts to help review the system coding and function.

I have brought in outside expertise to make certain that if the defects are fixed, all is in place to successfully launch.

I also spoke about further contingency plans (we are already in a contingency mode) in case we get to a point where we believe the website couldn't become fully functional for end to end enrollment for whatever reason. Will be bringing in outside expertise to start to evaluate what pieces of the existing system could be used if it were to ever come to that point and also other state or federal technologies that can be used to replace what isn't working.

This final piece on contingency planning has generated a lot of press coverage. I discussed nothing different than what I had walked through at our board meeting. However, there were some things being misreported about the federal exchange. As such I want to be clear that we are not considering joining the federal health insurance exchange or other state exchanges. That has been misreported by some media outlets. Because of all our great work we have a great insurance market. What we don't have yet is an online system that enrolls people. If over the next month or so we do not have functional enrollment system, we will begin to look at how we could adopt technology from other states or the federal exchange, perhaps while leveraging our existing technology to the maximum extent possible.

Thanks

bruce

From: KOLMER Sean P * GOV [KOLMER STATE EMAIL]
Sent: 2/6/2014 11:20:50 PM +0000
To: HARMONJOHNSON Nkenge * GOV [HARMON STATE EMAIL]
Subject: FW: Cover Oregon Board Update

From: [GOLDBERG STATE EMAIL]
Sent: Thursday, February 06, 2014 1:06 PM
To: PALMATEER Dmitri * GOV; BONETTO Mike * GOV; KOLMER Sean P * GOV
Subject: FW: Cover Oregon Board Update

fyi

From: Goldberg, Bruce [GOLDBERG COVER OREGON EMAIL]
Sent: Thursday, February 06, 2014 1:00 PM
To: Bruce Goldberg; Aelea Christofferson; Beverly Peacock; MYERS Brenda M; GOLDBERG Bruce; Bianco, Diana; Gretchen Peterson; George Brown; José Gonzalez; Ken Allen; Harms Kelly; CALI Laura N; Liz Baxter; BORDEN Richelle; Stephanie Swan; Teri Andrews; EDLUND Tina D
Cc: Fauver Amy; Karjala Aaron; McClure, Alyssa; Barenberg, David; Hutchings Laura; Leibowitz Nora; WENTZ Patty; delaRosa Triz
Subject: Cover Oregon Board Update

Board Members,

Here is my weekly update for Feb 6, 2014. Please feel free to contact me directly either by email or phone [redacted] with any questions or if you need additional information.

Board meeting is next week.

Enrollment:

226,108 Oregonians now enrolled in coverage

- 102,764 enrolled through Cover Oregon
    - o 35,247 into private insurance
    - o 67,517 into Medicaid
- 123,344 in Medicaid through Oregon "fast track" process

There are an additional ~35,000 individuals who have come through Cover Oregon, have been determined eligible for their commercial coverage, have the information they need to enroll, but have yet to do so.

Website:

Our IT work remains focused on resolving the remaining issues so individuals can apply, shop, and enroll through the website in one sitting. The number of functional deficiencies continues to decrease and performance is increasing . After weeks of intensive work we will be testing several upgrades to the area of the site used by agents and community partners.

Our goal is to increase the functionality and usefulness of the partner portal for agents and community partners. Today, agents and community partners are using core areas of the system. They can apply directly into the eligibility calculation section of the website and find out whether people are eligible for the Oregon Health Plan or private coverage. We are testing upgrades that could ultimately help them provide clients with on-the-spot information on tax credits, shop for plans and enroll.

This means that the Cover Oregon partner portal could be unavailable for as long as 4 business days starting Monday. We notified Cover Oregon's agents and community partners earlier this week about the scheduled downtime. Deadlines are approaching to enroll in March coverage and we wanted to give them plenty of advance notice so they can serve their clients. We need to move forward with the testing now in order to make sure our internal systems are available to process March 1 applications with the goal of having a better system for our partners in the final month of open enrollment.

We will test the upgrades to the system and if they meet standards for functionality and performance - whether they work and whether they work well enough – the upgraded features will be available to partners.

During the time the portal is offline, agents and community partners can help clients apply through the hybrid process used by the general public to enroll in health care coverage.

Communication/Customer Service:

A restructure of our service center launches next Monday that will help us better serve customers who call us by adding staff, improving the flow and escalation of calls. We are also putting in place new teams dedicated to providing customer service to agents and community partners. The agent team is currently working to address agents' questions and concerns and a team dedicated to serving community partners is currently being provisioned.

Two more application fairs are scheduled for this open enrollment period. Cover Oregon will be supporting a fair hosted by NAYA and NARA in Portland on February 22. On March 1 we will support a final fair hosted by the Urban League and the African American Health Coalition in Portland on March 1.

bruce



Centers for Medicare & Medicaid Services
Office of Information Services
Consumer Information and
Insurance Systems Group

Technical Assistance Report For:

Oregon Health Insurance Marketplace



For Limited Distribution

Version 1.0

February 27, 2014

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1. Introduction

1.1 Background

To implement the provisions of the Patient Protection and Affordable Care Act (PPACA), the state of Oregon is creating the Oregon Health Exchange, a new State-based Marketplace. The Oregon Heath Marketplace is independently operated by Cover Oregon (CO) and is to act as the common front door that citizens use to gain access to affordable health insurance and Medicaid based on Modified Adjusted Gross Income (MAGI). The Oregon Health Authority (OHA) administers the State's Medicaid Program. To implement the information technology (IT) system that supports the Marketplace, Oregon was awarded an Early Innovator Grant from the Centers for Medicare and Medicaid Services (CMS). Oregon chose to act as its own system integrator and partnered with Oracle to develop their solution in June 2011.

1.2 ACA Implementation in Oregon

ACA requires that States implementing a Marketplace first determine eligibility for Medicaid or CHIP based on current Modified Adjusted Gross Income (MAGI). If the applicant is ineligible for Medicaid or CHIP, the State must then determine eligibility for subsidized coverage (also known as an Advance Premium Tax Credit – APTC) before offering unsubsidized coverage through a process that allows the applicant to compare plans and select the one they prefer.

CO has chosen to build a single web-based portal that will make eligibility determinations and allow citizens to shop for plans. Applicants considered eligible for Medicaid or CHIP are enrolled through Oregon's Medicaid Management Information Systems (MMIS). Applicants eligible for subsidized coverage and those who want to purchase unsubsidized plans are enrolled in plans through the Health Insurance Marketplace.

In addition to determining program eligibility and supporting enrollment, the Marketplace offers key functions such as plan management, financial management, Small Business Health Options Program (SHOP), customer service, and outreach and reporting.

1.3 CO HIX Implementation Issues

Oregon's Marketplace solution consists of a suite of mostly Oracle, commercial off-the-shelf software. Throughout the project, there have been challenges in that Oregon has continued to be behind schedule with the delivery of artifacts, demonstrating key functionality and meeting CMS testing timelines.

Prior to October 1, 2013, CO, realizing that full functionality would not be ready, started focusing on implementing a Day 1 contingency plan which consisted of full functionality via an "internal portal" for community partners and agents. Through a public facing external website

individuals can complete anonymous browsing of plans and locate a community partner/agent for further assistance. Individuals contact the community partner/agent and the community partner/agent completes the application with the individual, via the internal portal. However, throughout the month of October, the internal portal available to community partners/agents suffered issues as well and eventually the functionality was scaled back so that only paper applications were accepted and routed to customer service representatives (CSR) to enter application data into the back office Siebel system. Additional functionality to determine eligibility was launched in early November for the internal portal only. Because of the huge manual processes, additional CSR staff was brought in to support the manual processes. Also, the Oregon Health Authority (OHA) provided staff to assist with this process.

CO has set target dates for a full launch in October, November, December, and January, but has missed these dates due to unresolved critical defects, performance issues in the various environments and incomplete deliverables such as additional infrastructure environments, performance tuning and performance testing results.

1.4 Scope of Work

CMS has requested IT and systems engineering assistance from its partnership with The MITRE Corporation through the CMS Alliance to Modernize Healthcare (CAMH) Federally Funded Research and Development Center (FFRDC). MITRE has had substantive knowledge and understanding of the CO's systems development life cycle. Additionally, MITRE has also provided technical guidance and assistance through its engagement with CO in supporting and assessing various stages of development through gate reviews.

The goal for the FRRDC technical assistance effort was for MITRE to provide technical expertise and advice to CO regarding the technical design and development work being performed by CO's systems developer, Oracle.

This work consisted of the following activities:

1. Review of known technical defects, issues and weaknesses within the implemented solution stack.
2. Evaluate existing technical artifacts specifically focused on the use of Oracle OPA, Web Center and Siebel. Artifacts to be reviewed included the Marketplace System Design Document, ICDs, Database Design documents, and any relevant detailed design documents.
3. Collaborate with both CO, and the development team to understand the context in which design decisions are being made, and the constraints of their Marketplace solution.
4. Make recommendations (based on analysis) to CO regarding approaches to resolving technical problems and risks related to the design.

1.5 Purpose of This Document

This document provides the findings and recommendations from the CMS State Engagement (SE) Team's review and assessment of the CO HIX System. The SE team consisted of representation from CCIIO, OIS and MITRE. This document contains the approach used for capturing observations based on inputs from the CO stakeholders and provides suggested actions to CO on how to improve specific areas of the system engineering solution.

CO remains responsible for the disposition of recommendations herein - IT direction, decisions and funding - in working collaboration with CMS.

1.6 Approach

The CMS SE Team executed a methodology utilized with other states who have recently requested detailed technical assistance. This methodology is based on a series of workshops and interviews designed to facilitate the collection of information from specific stakeholders in the targeted topic areas. The CMS SE team captured observations during meetings which occurred January 13 – 16, 2014. The CMS SE team collaborated with CO to compose an agenda for the four-day technical assistance (TA) series of sessions and demonstrations around the topic areas specified by CMS/MITRE. The following core topics in the agenda were:

- IV&V Observations and IV&V Tool Demonstration
- Infrastructure
- Change Management/Configuration Management/Environment Management
- Testing Methodology
- Software Development Methodology
- Release Planning and Management
- Daily Scrum Meetings (Eligibility & Enrollment and Plan Selection)
- Performance Test Report Review
- Architecture Review
- System Demonstration
- Disaster Recovery and Continuity of Operations Plan (COOP)

The CMS SE team participated in various types of engagement with CO:

- Workshop style sessions with Subject Matter Experts (SME)
- 1:1 meetings with specific individuals as needed (usually as a result of specific items being identified in the workshop sessions)
- Attending standing CO project meetings

During the engagement sessions, the CMS SE team had the flexibility to probe and to conduct in-depth conversations with the participants.

Each session was conducted in an open and collaborative atmosphere. The non-CMS SE participants were technical individuals from the CO IV&V team, various representatives from Oracle Consulting Services (OCS), CO independent contractors, and CO management. The meeting participants were encouraged to be forthright and forthcoming. The main focus of each meeting was on collecting and verifying information and not on casting blame for the current state of Oregon's Marketplace solution. Participants demonstrated significant commitment, respect, and recognition related to the fluid nature of the session agendas and support for the ad hoc discussions that evolved.

2. Concerns Identified Prior to the Assessment

During initial level-setting discussions prior to the assessment, the CMS SE Team expressed several concerns. Broadly speaking, these concerns involved the stability of CO's solution, system performance, changes of projected dates for delivering full functionality, and overall management of the project. The following subsections present a brief list of composite topics identified by the CMS SE Team.

2.1 Project Management

- There are limited resources dedicated to the Project Management Office (PMO) functions. The primary focus is on the IT build and little attention is given to other areas such as communication and training which is essential when implementing a system of this scope. Other key roles and responsibilities found in a traditional PMO appear to be lacking.
- The schedule is deficient in that it lacks high-level and/or low-level details highlighting overall project activities other than IT.
- There is no detailed implementation plan for each release.
- There is a lack of transparency in the CO's project management. The delivery of outstanding artifacts to CMS is and has not been a CO priority.

2.2 Contract Management

- There have been challenges with CO being able to hold Oracle accountable for needed deliverables by key dates.
- There is no visibility by CO into OCS' activities. Therefore, there is a substantial dependency on OCS for almost everything that is time sensitive (e.g. schedule, fixes, releases, etc.).
- There are collaboration and communication issues between CO and the OCS.

2.3 Software Management

- CO uses JIRA, an Atlassian issue tracking product, to capture, track and report on all defects and change requests which appears to meet the needs of Cover Oregon. However, there are concerns with Cover Oregon's overall processes for managing defects and change requests due to the reoccurrence of previously corrected defects in higher level environments. There is no sign of a robust release management process. Each migration of code to a new environment is often followed with downtime due to release issues.
- Configuration management is difficult and complex as Siebel has no code branching (revision control) capabilities. If there are any problems with a build installation, the system cannot be restored to the previous state in an efficient manner for Siebel.

2.4 System Environments

- The CO solution stack is comprised of almost every single component/product in the Oracle product portfolio. While there are other State Based Marketplaces utilizing elements of the Oracle product portfolio, CO has, without doubt, the most complex mix. As such, there are myriad Oracle technical resources required to maintain and support the system.
- With respect to system performance, load, sustainability and functional (end to end) testing, OCS, to date, has not provided CO with a comprehensive suite of test results/reports.
- With respect to the CO production environment, OMCS has provided very little insight into their disaster recovery and continuity of operations test plan. To date, OCS has not provided any corresponding results from DR testing.
- The system environments are not stable and are affecting testing, development and activities.
- There is no true development or true test integration environments for developers and testers to properly test their code and test cases respectively. This creates an issue with untested code being introduced into the production environment; without first being migrated through the UDEV/FTS/Pre-Prod environments.

3. Findings

This section contains the basic findings from the CMS SE Team technical assistance review of January 13 – 16, 2014. Observation details used to support the findings listed in this section are found in appendix A. At the time of this review, the CMS SE Team learned that CO had implemented and improved some key processes within the past three months and that they were targeting to implement Release 1.1 by February 1, 2014. Even with the improvements implemented over the past three months, these findings still remain. The following sections summarize the key areas:

3.1 Project Management

3.1.1 Project Management Team

CO has staffed an IT project management team, but there is no overarching dedicated Project Manager who should be responsible for overseeing the project to drive overall project activities and keep everyone on track with targeted deliverables. Without a dedicated Project Manager in place, while the IT PM team is able to produce a very high level schedule of key targeted dates for the system, there is no integrated project schedule (or master project schedule) with key dependencies and milestones (consisting of critical IT and non-IT milestones) of all of the teams and stakeholders needed to roll out a release. Also, without a dedicated Project Manager, there is no obvious person within the organization responsible to ensure that all OCS deliverables and activities are performed according to the contract terms (further detailed in section 3.2). Without a dedicated Project Manager there is little, or no, ability to escalate schedule and scope deviations of development, testing, releases, etc. to the CO leadership team.

3.1.2 Project Management Tools

Daily technical sync meetings occur between CO and OCS to go over the status of key areas such as critical JIRA cases, system environment configuration updates, and testing. CO uses standard Microsoft Office tools such as PowerPoint, and Excel to track action items and/or issues. However, CO is not employing Microsoft Project (or any other mainstream project management tool) in order to track schedule, etc. As such, the overall project tracking process is cumbersome and difficult for data analysis or to trace any history of updates.

3.2 Contract/Vendor Management

There is no evidence that CO has established good contract administration processes, or that OCS' activities are being closely monitored to make sure that they are fulfilling the requirements of the contract. This, in conjunction with the findings in section 3.1.1, speaks to a significant portion of the root cause for the delay in the CO solution.

CO has limited visibility into OCS' activities and it appears that there is not a clear understanding between Cover Oregon and OCS as to what the expected deliverables are. An example of this is the misunderstanding on the performance testing task. CO was expecting performance testing results and OCS was working on a performance tuning report.

There is a substantial dependency on OCS for time sensitive deliverables (e.g. schedule, fixes, releases, etc.). However, it appears that CO does not have any leverage in their contract to make OCS accountable for missing key deliverables.

There is a prominent presence of OCS staff onsite. Moreover, there is a significant number of OCS developers dedicated to each of the functional areas of the overall development effort. It is suggested that there may be a lack of appropriate skillset involved in the makeup of the development teams (a possible example of throwing bodies rather than skillset at a problem).

With this significant footprint of onsite developers, the related expenses associated with accommodating onsite gives rise to the increase in the projected burn rate, it is suggested that this approach may not be cost effective as this will impact the availability of funding to complete development of additional functionality needed for the open enrollment period in 2015.

3.3 System Environments

During the on-site visit, it was noted that CO recognized that a number of testing and subsequent production issues have been born out of inconsistent configuration management across the various system environments. CO had initiated an effort to synchronize the configuration content of the test, performance and pre-prod environments. A subsequent effort would also synchronize the production environment configuration. However, there is still a need for additional environments: true development and true integration test. Not having these separate environments affects the developers and testers abilities to conduct thorough and consistent testing across the suite of environments.

During interviews with CO staff, it was stated by the senior CO contractors that the production system experiences memory and performance issues at least once a day which affects the productivity of users. The fix for this problem is to reboot the system which further interrupts the availability of the system. Ideally, the system environment should be up 24/7 with periodic scheduled maintenance windows.

There is a lack of communication regarding system availability which has a negative effect on testers' ability to test cleanly and efficiently with respect to knowing when the system is available to them for testing purposes. There was no evidence that OCS has provided a copy of any variance reports which will help testers to identify the changes in a release that need to be tested. CO testers have requested these reports, but as of the writing of this report, have not received them.

During the review, a demonstration of system functionality was provided. During the demonstration, there were noticeable delays in the calls to the Federal Data Hub Services and the navigation through Plan Selection.

3.4 Software Management

The tracking of configuration management history is an industry standard and best practice with respect to monitoring and tracking changes of a system. It is not known whether or not OCS is following these standards. However, CO does not have visibility into the configuration management history of their system environments. While OCS does utilize SVN for code management, there is no formal tool in place for system build configuration management. Without this insight into the environments, CO faces challenges in being able to manage their own system and/or bringing other vendors on board if a future decision to terminate the OCS contract is made.

The functional team leads (the "mini project managers" from each of the OCS developments teams) daily agile scrum meetings were initiated in mid-October, 2013 and were continuing to take place during the on-site visit. The scrum meetings consist of a review of open JIRA cases with the OCS developers and the business analysts/testers. The scrum meetings have helped CO's ability to communicate with the developers, but CO could benefit from having a trained scrum master familiar with true agile scrum processes.

CO is facing challenges with any release that incudes Siebel changes. Siebel has no code branching (revision control) capabilities. If there are any problems with a build installation, the system cannot be restored to the previous state in an efficient manner. Rather, the Siebel environment has to be re-built and deployed to the previous version which, in its own right, has not been seen to operate in a consistent manner.

As reported by CO, the OCS staff is using a software version control tool, Subversion (SVN), to analyze changes in the various software versions. However, CO does not have available to them the analysis report nor access to the tool to create its own change analysis reports. While CO has requested these reports from OCS, they have not been produced. This issue speaks to further concerns around contract and vendor management (section 3.2).

With the provision of an on-site release manager, CO has been able to get visibility into the OCS release management plan. The release manager gains knowledge of all of the JIRA case updates and system configuration activities via the daily tech sync meetings. Also, there is evidence that OCS is sharing the release notes with CO. This is unquestionably a positive action.

3.5 Testing

The testing team has a standard set of 23 scenarios used for regression testing. These test scenarios do not appear to be sufficient to adequately conduct regression testing for the Marketplace system.

There is no evidence that formal processes such as the writing of test cases and/or scripts and mapping these test cases to use cases and requirements are being followed. This was evident from the demonstration of how JIRA cases are recorded with no references to use cases or requirements.

3.6 Additional Items

The following additional issues are also of note:

Dependency on OCS resources – there is a significant dependency on OCS' staff members; many of whom do not have extensive knowledge and experience in a formal software development life cycle. The lack of any formal SDLC has had a significant contribution to the root cause of the delay in the delivery of the CO solution.

Onsite technical resources – CO has two technical contractors (contracted by CO directly) onsite who are knowledgeable in Oracle and Siebel products. However, CO faces challenges with recruiting geographically local experienced IT staff.

Funding Issues – In missing the October 1, 2013 full launch, CO is burning their funding rapidly with the addition of staff hired to assist with the manual processes and has not planned anything beyond the full individual launch Release 1.1. CO communicated that funding additional tasks (e.g. a re-architecture effort) will be financially challenging for the state; however, CMS is committed to working with States to ensure that individuals get health insurance coverage which may include additional funding for IT development.

4. Suggested Actions for Consideration

From interviews with the CO team, improvements in various areas around system development practices and infrastructure environment configuration management for the Oregon Health Insurance Marketplace have been made since the ORR (September 12 &13, 2013). Oracle has made progress in several systems engineering areas as evidenced by recent releases being delivered on time, and a stabilization of the system which has allowed CO to provide successful demonstrations of full functionality to stakeholders. However, there are still significant performance issues with the system such that, while the core functionality exists, the end user experience would be significantly diminished. Engaging in these improvements, while clearly showing progress, were not begun soon enough in the overall program timeline.

Based on the observations from the week of engagement, and based on prior knowledge of the CO program, the CMS SE Team suggests CO consider the following actions to address the known issues with the CO Marketplace solution and to aid in being able to move forward with a full launch of functionality and to respond to required changes in the system to support the mandates of the PPACA program. If CO is interested in implementing any of the suggestions herein - IT direction, decisions and funding – CMS is poised to provide technical assistance as necessary to effectuate the change.

4.1 Configuration Management

- *Create an environment product map*
  As part of the environment sync effort, CO should ensure that OCS provides and maintains an environment product map for each discrete environment. It is highly recommended, and consistent with industry best practices, to track the product versions installed in each environment.
- *Transfer configuration management responsibility*
  CO should consider taking ownership from OCS of the overall configuration management process and execution. This will give CO a better perception and comprehension of what is configured and will assist in more accurate program timeline estimates.
- *Request configuration report of system environments*
  CO should request from Oracle, configuration reports for each of the system environments. This information is crucial for CO to troubleshoot environmental issues especially in the production environment which cannot afford to have unplanned system downtime.

4.2 Change Management

- *Analyze data and utilize it to isolate problem areas*
  CO should acquire and/or develop additional data analysis reports on various aspects of the system and understand their subsequent usage. JIRA is one source of information that can be

utilized to identify problem areas. By utilizing the available information in JIRA, problem areas can be better isolated. IT releases can be prioritized, and resources can be enhanced.

- *Conduct a detailed analysis into the existing OCS change management process*
  CO should perform a detailed analysis of the current OCS change management process and determine the steps necessary to institute a single, streamlined process to improve the control and management of the overall change management function.
- *Transparency into the OCS SVN environment*
  OCS should provide CO access to the SVN environment. At a minimum, OCS should provide CO with detailed reports specific to code management.

4.3 Release Management

- *Continue to improve the release management process*
  CO should be more involved in Oracle's release management process. This is especially important when OCS revises the process to align with CO's expectations.
- *Add a step to the release management process to create a rollback plan*
  As mentioned in section 2.3, the OCS code versioning does not allow for branching and as a result some unwanted code elements are included in certain software builds. Therefore, it is suggested that OCS provides a rollback plan for every release so the system can be restored to the previous state in an efficient manner.
- *Take control of direct process execution*
  It is suggested that if CO were directing the process execution, inconsistent migrations of code updates can be minimized (e.g. moving from FTS into Prod without first going through Pre-Prod).

4.4 Testing

The recommendations in this section are for both the IV&V testing and integration testing teams.

- *Improve inter-team testing information sharing*
  As part of the overall development and testing methodology, CO should institute the ability for the test teams to gain access to the developer unit test results. This may reside within the data in the JIRA environment.
- *Communicate timelines and availability of environments that affect testing*
  The CO testing teams would be more effective if they were fully informed of system availability and build deployment schedules. Information about environment availability and timelines for testing should be shared between the infrastructure and testing teams.
- *Request that OCS share specific information with the IV&V contractor*
  To enable accurate IV&V assessments, CO should request that OCS share variance and other reports with the IV&V contractor on a regular basis.

4.5 Performance and Load Testing

- *Develop a performance testing strategy*
  CO should immediately work with Oracle on a performance testing strategy. This should include the short-term goal of assessing the break point (in terms of concurrent users) of the solution. CO should initiate discussions with Oracle on performance testing and identify options/recommendations for improvement. CO should review the current contract with Oracle to make sure that there is a clear understanding of what is expected for the various deliverables from Oracle.
- *Enable Oracle and the CO IV&V team to collaborate and cooperate on testing*
  CO leadership should open discussions with the CO IV&V team and Oracle to jointly execute the required load and performance tests.

4.6 Disaster Recovery and Continuity of Operations Plan (COOP)

- *Obtain failover test results and establish a failover test schedule*
  CO should obtain from OMCS the results from the failover test performed in September 2013. In accordance with the OMCS contract, CO should require OMCS to establish a failover test schedule and plan with the first test occurring within the first two weeks after full production operation is implemented.

4.7 Architecture

- *Optimize system architecture*
  Based on the team's observations, the CO architecture and data model deserve significant review and re-work. CO should perform an in-depth analysis of the current architecture to identify opportunities for reducing complexity. After this is completed, CO should endeavor to simplify and streamline the architecture by reducing the Oracle product footprint, reducing the number of integration points, and simplifying the overall structure and deployment without inhibiting the overall functionality of the system.
- *Transition and ownership of the system architecture from OCS*
  CO should transition control and ownership of the system architecture away from OCS. This will allow CO to more easily consider alternative solutions and mitigate resource turnover. This could be achieved by hiring a system architect or by further engaging the current independent technical contractors (i.e. Tom McIvor, and Garrett Reynolds) currently working with CO.

4.8 Project Management

- *Consider establishing a formal, centralized program management office (PMO) and a dedicated Project Manager*
  CO would reap significant benefit from having a formal, centralized PMO to oversee the Exchange program management responsibilities. In addition, establishing an overarching and dedicated project manager (a role not currently in place) who would perform every aspect of project management, e.g., maintaining an integrated program schedule, ensuring artifacts/documentation are up to date, necessary communication/coordination is occurring among program stakeholders, etc. The PMO and project manager would be primarily concerned with ensuring all interdependent tasks can be performed in parallel in order to meet the schedule timelines.
- *Transition of program roles and responsibilities*
  Due to the history of issues with OCS' performance and transparency[1], reinforced by observations during the TA workshops, CO should examine other roles and responsibilities held by OCS and consider transitioning some or all of them to CO resources, or other technology partners. CO should take steps to assume overall control of project and development activities from OCS, including the managing of the CO project timeline and its implementation. As with the system architecture responsibilities, CO should develop an internal transition plan for targeted roles and responsibilities held by OCS and begin efforts to identify and acquire development and other resources that report directly to CO.
- *Adopt a project management tool with more functionality to track action items/issues*
  As noted in section 3.1.2, CO is using standard Microsoft tools such as PowerPoint and Excel to track action items and issues. CO would benefit from adopting a tool with additional functionality to give them the capability to track history of action items and/or issues.

4.9 Development / Agile Process

- *Engage a formal agile development methodology*
  As CO obtains greater control over the development resources and project management, CO should consider embracing an agile methodology in a more formal manner. This could be achieved in part by having one or more resources formally trained as a Scrum Master to plan and facilitate the daily scrum meetings. Subsequently, engaging in formal agile methodology training for others on the CO team would instill more discipline to the overall process and would help mature the home grown processes currently in place.

[1] In addition to issues previously reported by CO, the CMS State Engagement Team has observed this pattern of behavior from OCS on prior Lifecycle Consult engagements with CO. These observations are not included in this Technical Assistance report but are referenced in support of the suggested action.

4.10 Additional Items

In addition to the core areas suggested for consideration, the CMS SE team also suggests the following actions:

- *Modify roles and responsibilities of independent contractors*
  Giving more decision authority to independent contractors (i.e. Tom McIvor and Garrett Reynolds), would assist CO in progressing faster in their IT development and solution.
- *Examine the long-term future of the Cover Oregon Marketplace implementation*
  CO should examine the long-term future of the Marketplace implementation in terms of cost and the necessary skillsets for overall program management and operations. This will help CO prioritize their list of necessary actions in terms of resource management and improving their system architecture; along with maturing the long-term plan for supporting the system in terms of funding, people, tools, processes, etc.
- *Begin forming a transition plan*
  CO has already initiated a transition plan to replace OCS. It is highly recommended to further identify a more appropriate technology partner(s) for specific program roles and responsibilities
- *Share information needed prior to meeting*
  CO should impress upon the contractors a behavior of sharing information in a timely manner with the tech sync meeting facilitator/administrator. This will ensure all the latest issues that are blocking progress are discussed in the meeting and obtain commitment for improvement from the right individuals.
- *Establish a single facilitator to lead the* daily tech sync *meeting*
  It was not clear who was the facilitator in the daily tech sync meetings. Due to the dynamic nature of the participants present in the meeting, a formal facilitator is needed to bring control and discipline to the meeting. If the facilitator is in a remote location, a designee who can be physically present in the meeting should be appointed.

Acronyms

CAMH	CMS Alliance to Modernize Healthcare
CCB	Change Control Board
CI	Continuous Integration
CMS	Centers for Medicare & Medicaid Services
CO	Cover Oregon
COOP	Continuity of Operations
DR	Disaster Recovery
FFRDC	Federally Funded Research and Development Center
HHS	Department of Health and Human Services
IT	Information Technology
IV&V	Independent Verification and Validation
OATS	Oracle Application Testing Suite
OCM	Oracle Configuration Management
OCS	Oracle Consulting Services
OEM	Oracle Enterprise Manager
OMCS	Oracle Managed Cloud Services
OPA	Oracle Policy Automation
PMO	Program Management Office
RAC	Real Application Cluster
RPO	Recovery Point Objective
RTO	Recovery Time Objective
SI	System Integrator
SDLC	Software Development Life Cycle
SME	Subject Matter Expert
SOA	Service Oriented Architecture
SVN	Apache Subversion
TA	Technical Assistance

Appendix A. Observations during Assessment

This section contains observations captured during the CMS SE Team technical assistance review conducted on January 13 – 16, 2014. These observations were used to support the findings and suggested actions for consideration listed in sections 3.0 and 4.0 of this document.

Significant transparency issues exist between CO and OCS and it appears to be a contract management issue. Examples of this are:

1. There are instances (e.g., performance testing) where CO has a significant gap in their work expectation from OCS vs. the actual work OCS is performing.
2. OCS did not present any evidence to demonstrate that they are managing the scope of functionality in their releases.
3. When asked to present or report on the progress of various deliverables and activities, OCS indicated to CO that this is not within the scope of their contracts.

CO demonstrated a significant lack of confidence in OCS' performance based on a variety of evidence, i.e.:

- An overall lack of timeliness and quality with regards to solution delivery
- The clear and obvious lack of transparency
- The lack of cooperation with other contractors (e.g. the IV&V contractor)
- The associated financial burdens which have been placed on the program.

A.1 Configuration Management

A.1.1 System Environment

CO conducts weekly operational meetings with Oracle Managed Cloud Services (OMCS) where software and infrastructure configuration management decisions are made regarding the patches and products that will be released into the various environments. CO currently has six system environments that are maintained by OMCS:

- UDEV – Used for development and unit testing.
- FTS - Used for functional, integration and IV&V testing.
- Pre-Prod – This environment is a mirror of the production environment and is used for regression testing of code prior to migrating code to production.
- PERF – Used for performance testing.
- Prod – This is the production environment.
- DR – Used for disaster recovery and is a mirror of Prod.

Two additional environments are planned for the future: one will serve as a true development environment and the other a true testing environment. Currently, the FTS environment is being shared between the testing teams for functional, integration and IV&V testing. Typically, these environments are separate. As a result, the testers are facing challenges to test their test cases successfully because the various testing activities interfere with each other. The issue could be code or environmental issues where developers promote code changes to the same environment while testing activities are in progress.

In November 2013, CO added a pre-production system environment (Pre-Prod) which mirrors the existing production environment. The utilization of this environment allows CO to perform regression testing prior to migrating code to Production, to minimize the number of unanticipated and unforeseen production issues.

During the onsite visit, the environment configurations (component and product versions) for FTS, PERF and the Pre-Prod environments were not in sync; however, CO communicated plans to sync these environments by January 18, 2014. The production environment would be included in the configuration sync plan by January 27, 2014. (Confirmation on the syncing of these environments was provided on February 3, 2014.)

A.1.2 Software Migration

Prior to September 2013, OCS was in a mode of delivering large code drops into the test environment with little notice or information for the test teams to work with. Once the test teams were able to test, the number of new defects identified was growing faster than the number of defects cleared. This resulted in the number of defects in new or open statuses continuing to rise rather than decline.

Post September 2013, CO/OCS adopted a more iterative methodology such that there was more frequent code migration process from UDEV to the FTS environment. With smaller changes in content and function between drops, this reduced the code cycle time between unit testing and integration testing as fewer defects and configuration changes needed to be addressed.

However, OMCS/OCS does not provide CO sufficient visibility into the configuration history of the various environments. This observation is based on responses given during individual sessions with the senior CO contractors responsible for the engagement with OMCS. There have been instances when code has been pushed from UDEV to the FTS environment without CO's knowledge. CO does not have access to the SVN tool to do delta analysis on the code base. CO and OCS have initiated a joint effort to improve the overall configuration management process.

A.2 Change Management

With JIRA as CO's change management core, CO now has a robust method for defect and change request logging, tracking, assessment, prioritization, and management.

While the level of data capture is highly detailed, there are still opportunities for extended reporting, specifically around the history of changes at the component and product level. However, CO is not currently analyzing or reporting data/information collected through JIRA to isolate a problem area (e.g. code modules which are frequently subject to "check-out"→"check-in" →"check-out" →"check-in" →etc., across multiple defects and also when defects move from "open"→"closed"→ "open"→"closed", etc.)

OCS is performing some data analysis but is not providing CO with the results. Such data analysis would help CO identify areas of their system that need more attention and possibly, this information could possibly be used to enhance their resource management as well.

From CO's demonstration of JIRA, it is clear that they are utilizing the tool astutely to improve their change management processes. However, in the demonstration, there was no mention of JIRA cases being referenced back to requirements or use cases to verify if the requested change to the code is within scope.

CO's Change Control Board (CCB) meets weekly, at a minimum. It is recommended that there should be joint involvement from both the business stakeholders as well as IT to determine priority of the JIRA cases in order to meet the overall business needs.

CO has no visibility into the OCS change management environment. CO has no details on how OCS is managing their code base. OCS uses a source code version control tool, SVN for its code management, but CO does not have access to the SVN environment or full exposure to the changes being made. If CO had insight into the code management details, they could potentially better identify and understand the root causes for certain code issues. Without this insight, CO is completely dependent on OCS for the explanation of the issues. Moving forward, CO should consider taking control of the system engineering processes and tools.

A.3 Release Management

OCS is in charge of CO's release management. CO stated that their release management process has improved since they brought a full-time release manager (provided by OCS) on-site to work more closely with the team. The release manager is responsible for scheduling and managing code migrations between the three environments – FTS, Pre-production, and Production.

There are two types of code migration, specifically releases and surgical, from one environment to another. The releases are planned large code migrations whereas surgical code pushes result from urgent JIRA cases related to isolated defects within an existing release. The environments are backed up on a daily basis.

CO's release process has improved since the introduction of a formal release manager, however the software build process is still at an immature stage. The OCS code management and software build processes do not allow for version branching. As a result, there are frequent

instances of code elements which in a build which should not have been included. OCS creates release notes for their releases but there was no indication that they create a release rollback plan. Because OCS, rather than CO, has full control of the release management process, CO is frequently in a position to choose between a moving a release to the next step, or following good release management processes.

One of CO's independent contractors (Tom McKiver) conducts weekly product and infrastructure release meetings. Oracle is sharing the release notes for migrations from Pre-prod to Prod and from FTS to Pre-prod. These activities have led to improvements in the release management process.

Despite the improvements in the release management process, the communications to the testing team regarding system availability and what is being deployed in each environment is still inconsistent. The daily tech sync meeting with OCS, IV&V, and the independent contractors, in part, includes discussions around the system environments and code migration plans. These daily meetings provide an opportunity to improve on the communications noted above.

CO is starting to see some improvements in the environment management process as well and, as a result, is seeing less environment related surprises.

A.4 Testing

A.4.1 IV&V and Quality Assurance

CO has a strong and knowledgeable IV&V team. The IV&V team is concerned with the instability of the testing environment and different system environmental configurations. It has been a challenge for them to test in the FTS environment which is configured differently than the pre-production environment. Therefore, some JIRA cases which pass testing in FTS could fail testing in the Pre-prod environment. The IV&V team emphasized the importance of having a separate TEST environment which would be utilized before code migrates to FTS. They reported that OCS testers often do not have enough time to perform robust testing. The current development and integration testing methodology does not allow for the sharing of developers' unit test results with the testing team. This can result in a lack of validation/revalidation of test cases and can cause unnecessary defect tickets.

Another issue reported is that there is a lack of communication on when code is migrated from one environment to another, in terms of what fixes are included in each code push. Repeatedly, the IV&V team has requested a variance report from Oracle. To date, they have not received it.

The IV&V team presented a concept for Continuous Integration (CI) and test automation and has developed a strategy to implement elements of this within the CO environment. The IV&V team also presented their recently developed automation toolset - primarily Selenium, Jenkins and integration with the Oracle Application Testing Suite (OATS). This toolset includes a real-time

dashboard that has hooks into most layers of the system and has the capability to target performance testing, user interface (UI) testing, custom code testing and web services testing. The tool was developed using open source components and coded in Java. As a result, it is very portable and could be easily shared with other states. The IV&V team is willing to give a demonstration of this tool to other states upon CMS's request. The IV&V team expressed a willingness to collaborate with OCS to develop an overall CI and test capability. The IV&V team stated that OCS has yet to demonstrate a willingness to fully collaborate on this effort.

A.4.2 Functional Testing

CO's integration testing team is well organized and structured. Testers are delegated specific roles and responsibilities across each of the major functional areas. The integration testing team meets daily to discuss the latest testing updates. The integration testing lead uses this opportunity to address any issues that prevent the team from resolving defects.

It appears that CO's integration testing team and the IV&V team are collaborating and cooperating in the testing activities. The integration testing lead attends the daily tech sync meetings. In addition to being able to update the team with what is coming next, the test lead also gains insight into the bigger picture of what other activities and efforts are occurring for an upcoming release.

The integration testing team is facing the same issues with OCS as is the IV&V team (refer to section A.4.1).

A.5 Performance and Load Testing

OCS provided a walkthrough of their performance testing report. The information presented by OCS demonstrated that OCS had been engaged in performance tuning rather than performance testing. CO was expecting to see evidence that the system could handle up to 10,000 concurrent users – a targeted performance requirement. The report did not provide CO with the specific performance metrics needed to plan for any necessary mitigation with respect to user volumes. CO has various hardware/software options (which were discussed during the workshop) to limit/throttle/divert traffic into the system. However, without the specific performance metrics, CO cannot move on a strategy.

During the IV&V's demonstration of their testing tool, they expressed a willingness to collaborate and cooperate with OCS to conduct performance and load testing. They have the required tools and skillsets in place to immediately start work on this testing effort. CO should consider making use of this resource.

A.6 Disaster Recovery and Continuity of Operations (COOP)

OMCS has implemented a full disaster recovery (DR) capability for both the data and the application tiers of the solution. In accordance with best practices, the DR solution is instantiated within a separate data center from the primary infrastructure location. The DR solution is configured to provide a Recovery Time Objective (RTO) of four hours and a Recovery Point Objective (RPO) of one hour.

As part of the OMCS contract, CO is entitled to two failover tests per year. Oracle has stated that they performed a failover test in September 2013; however, CO did not have a report from OMCS documenting the results of the test. OMCS stated that they do not currently have a failover test scheduled which they can share with CO. OMCS plans to resume DR/failover testing after the full public launch. At the writing of this report, the full launch remains unscheduled.

A.7 Architecture

CO demonstrated an awareness of the flaws and complexities present in the system architecture; however, actions need to be taken to remedy the situation. CO and its independent contractors indicated that the data model and other significant portions of the system architecture contain significant design weaknesses which will require major redesign or removal.

CO has a complex technical architecture. The solution is built entirely on Oracle technology components. In addition to using Oracle Enterprise Manager (OEM), CO also purchased a monitoring capability to monitor the Oracle Managed Cloud Service independent of OMCS. Discussions during the workshop reiterated that OCS is lacking in resources with expertise in Oracle Configuration Management (OCM), which has contributed to the delays experienced at the outset of the CO implementation.

One of the primary challenges with the CO solution is the management of the many sessions created by Siebel, Oracle Real Application Clusters (RAC), Service Oriented Architecture (SOA) and Web Center that consume a significant amount of CPU and memory. As a consequence, CO is concerned about the need for repeated rebooting of their system due to system performance issues. During the sessions, CO indicated that the code review conducted by CO in May 2013 revealed a number of issues (e.g. design, data modeling, coding practices, etc.) including wide spread memory leaks in the code base. CO indicated that their long-term strategy to mitigate memory leaks and other low level issues is to perform stringent code reviews. CO plans to conduct another code review in the near future to assess the impacts on the code base from the many surgical code pushes over the past several months. The CO architecture contractor and others on the CO team asserted, based on their independent review, that the CO data model and corresponding physical schema is highly flawed and needs significant attention.

CO shared a proposed simplified solution of their OPA Interview (CS Web App) architecture to mitigate some of the issues in the application tier. CO stated that they have demonstrated the proof-of-concept to the business stakeholders who are optimistic about the solution. However, the architecture team is projecting approximately two to three months before any action can be taken since CO is focusing solely on the next release and subsequent releases to get the system to function at its optimal level and to meet CMS requirements.

CO does not have its own senior technical resources within the CO direct staff. Independent contractors are very knowledgeable staff extenders of the CO senior technical staff. These individuals have a great deal of responsibility, but do not have decision making authority. CO should consider taking full advantage of these resources as if they were "on staff" and engage them in detailed, authoritative technical discussions with OCS and OMCS.

A.8 Project Management

There is no evidence that CO has a formal, centralized project management office (PMO) function performing the necessary level of oversight and resource control across the full spectrum of the CO project. CO relies heavily on its contractors to complete the majority of the day-to-day task and while various individuals own such things as schedules and release plans, there is no single person identified to manage the overall project.

While CO does have an IT technical project manager with demonstrated ability to manage many of the moving parts, there is a clear need for a full-time dedicated overarching project manager. The benefit of such a person would be the ability to produce a fully integrated overall schedule for tracking progress against milestones. Currently, as stated by CO, such a schedule does not exist.

A.9 Development / Agile Process

Since September 2013, CO has been utilizing a home grown development process which is based upon agile methodologies. There are seven functional areas within the process, referred to as tables, with each table having a dedicated table lead (a mini project manager) and a dedicated business analyst. This process appears to be well orchestrated. Each morning there are daily "scrum" meetings for the different functional areas. While not rigidly adhering to the formal agile scrum format, these meetings serve a valuable purpose in providing a regular opportunity for various parties from a functional area to provide the latest updates on the progress across the outstanding major defects/issues. Information is communicated from the development teams to the other project teams using JIRA. JIRA is a tool used to store defect status and development resolutions/fixes.

From: WENTZ Patty [WENTZ STATE EMAIL]
Sent: 2/18/2014 11:05:38 PM +0000
To: GOLDBERG Bruce [GOLDBERG STATE EMAIL]; PALMATEER Dmitri * GOV [PALMATEER STATE EMAIL]; John Kitzhaber [BONETTO STATE EMAIL]; BONETTO Mike * GOV; HARMONJOHNSON Nkenge * GOV [HARMON JOHNSON STATE EMAIL]; WENTZ Patty <[KOLMER STATE EMAIL]>; KOLMER Sean P * GOV
Subject: RE: Cover Oregon Update 3pm

No one has ever accused me of being Pollyanna, so take this with a grain of salt, but we did just get this note in from a community partner:

From: <Frost>, "Frost, Roberta K." [redacted]
Date: Tuesday, February 18, 2014 2:40 PM
To: Rachel Oh [redacted]
Subject: RE: Cover Oregon Partner portal open with new features and other news

This is so awesome, I've already done two on here, it rocks.

Berta

Patty Wentz
Communications Director
Oregon Health Authority
[redacted]

From: GOLDBERG Bruce [GOLDBERG STATE EMAIL]
Sent: Tuesday, February 18, 2014 2:57 PM
To: PALMATEER Dmitri * GOV; John Kitzhaber [redacted]; BONETTO Mike * GOV; HARMONJOHNSON Nkenge; WENTZ Patty; KOLMER Sean P * GOV
Subject: Cover Oregon Update 3pm

Community Partner and Agent (CPA) site went live at 9 a.m.

It has been pretty quiet – CPAs re not flocking to the site. Many have been frustrated in the past, and likely will gravitate toward it slowly as the week progresses.

There have been successful enrollments.

Our call center now has a dedicated line for CPA's and there has not been a large volume of calls.

Most of the calls have involved re-setting passwords – which is the norm whenever people come back to the site who have not used it for some period of time.

So summary as of now:

Not enough data/usage yet for an opinion

Enrollments are occurring.

There have not been a lot of frustrated CPA's calling our call center.

More to follow as situation develops.

bruce

From:	"Goldberg, Bruce" GOLDBERG COVER OREGON EMAIL
Sent:	3/6/2014 9:28:28 PM +0000
To:	KOLMER Sean P * GOV KOLMER STATE EMAIL BONETTO Mike * GOV BONETTO STATE EMAIL WENTZ Patty WENTZ STATE EMAIL
Subject:	some cover oregon stats
Attachments:	Carrier Enrollment - 3-6-2014.pptx; CO CPA Production Update 20140305.pdf

FYI
Some useful stats attached.
We are now up to 41,700 commercial enrollments. Break out by carrier on slide, MODA with 75%.
Regarding Agent partner web enrollment: 600 agents have now used/been on it (not necessarily all have enrolled people, some just look). But we are now at 2800 people enrolled through the on line process.
b

Gross Medical Enrollment Only
QHP through March 6, 2014

Carrier	Lives	Policy Count
Atrio	20	16
BridgeSpan	12	11
Community Care of Oregon	255	212
Health Republic	1,114	810
Kaiser	3,955	3,205
LifeWise	1,047	770
Moda	30,727	22,403
Health Net	1,148	838
PacificSource	1,262	927
Providence	2,161	1,633
Trillium	3	3
Total	**41,704**	**30,828**

- These totals do not include Manual Enrollments or other corrections or adjustments made within the Daily Enrollment Files.
- Please assume a margin of error (5%) for these totals.

Production Update

COVER OREGON

Totals for Portal Submitted since 2/8

- # of distinct Agents using the Portal: 600 (out of 2,000)
- # of CP Organizations using the Portal: 120 (1,200)
- # of Applications submitted Agents/CP : 6163
- # of Applications in Enrolled: 2878

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From: GOLDBERG Bruce [GOLDBERG STATE EMAIL]
Sent: 3/9/2014 1:50:17 AM +0000
To: John Kitzhaber [redacted], [BONETTO STATE EMAIL] BONETTO Mike * GOV [redacted], [HARMON JOHNSON STATE EMAIL] HARMON JOHNSON Nkenge * GOV [redacted], [KOLMER STATE EMAIL] KOLMER Sean P * GOV
Subject: Cover Oregon Update

Forwarding my weekly update sent to the Cover Oregon Board yesterday, as it provides an update on enrollment, summary of Oracle settlement and update on agent portal etc.

Goveronor will also be forwarding you the packet of info sent to the IT alternatives group.

b

Board Members,

Here is my weekly update. Please feel free to contact me directly either by email or phone (mobile [redacted] with any questions or if you need additional information.

I look forward to seeing everyone at the board meeting next week.

Enrollment:

- **134,412 enrolled through Cover Oregon**
    - 42,325 into private insurance
    - 92,087 into Medicaid/OHP

In addition, to the above:

- ~128,000 in Medicaid/OHP through Oregon "fast track" process

There are an additional ~30,000 individuals who have come through Cover Oregon, have been determined eligible for private insurance, have the information they need to enroll, but have yet to do so.

We are reaching out to those individuals.

Some demographic data on the enrollments will be presented at the next board meeting.

Following the release of the on line system for agents and community partners we experienced some issues that diminished our ability to process applications through the paper/hybrid process. Our system was down several times and we saw an increase in IT errors. Much of that has now been corrected. We are now making excellent progress and are processing applications much more quickly. If all stays stable we anticipate being caught up in the next 1-2 weeks.

Website:

Agents and community partners continue to use the online Partner Portal to enroll individuals. To date 600 agents and 120 community partner organizations have been on the site. They have successfully enrolled just over 3,200 enrollments through the site.

Oracle:
Oracle continues to have a team of ~65 staff here at Cover Oregon to maintain and fix the IT system. Despite recent contractual developments, the operational teams here on the ground are working collaboratively and effectively.

Regarding the contractual issues that I have briefed everyone about, if you would like a copy of the documents, let me know and I will send them to you.
The summary is as follows:

February 28, 2014 Agreement

- Provides that Cover Oregon does not waive any rights to make a legal claim or raise a defense against Oracle by making any payment or signing any ordering documents.
- Provides that Oracle does not waive any right to assert a legal claim or raise a defense by continuing to work.
- Provides that all time periods for providing notice of a claim or filing a claim are tolled for 60 days, that no claims that exist as of the date of the agreement are lost but also no claims that already expired are revived.
- Provides that neither party will bring legal action for 60 days unless the agreement is terminated earlier. Either party can terminate the agreement with 10 calendar days written notice.
- Provides that Cover Oregon will pay Oracle $24,034,567.00 for outstanding invoices for work performed prior to November 2013 to be paid March 3, 2014.
- Provides that Cover Oregon with pay Oracle $19.9 million for services provided by Oracle from November 2013 through February 28, 2014, which is part payment of the $49.5 million that Oracle claims is due for services during that time period. Oracle cannot use the fact that some amounts remain unpaid as a reason to stop work.

- Provides that Cover Oregon will execute an ordering document for services beginning March 1, 2014.

Ordering Document US-965367-OD-15-NOV-2013

- Provides ordering document for services provided by Oracle to Cover Oregon from November 17, 2013 through February 28, 2014.
- Provides that Cover Oregon will pay Oracle $19,900,000.00 for a portion of services provided from November 17, 2013 through February 28, 2014 on March 5, 2014.
- Provides that upon payment, Cover Oregon shall have a royalty-free, nonexclusive, and irrevocable license to use what was developed under the ordering document.
- Provides that the document is subject to the terms of the February 28, 2014 Agreement.
- Description of services provided and paid for in Exhibit 1-TME-300410580.

Ordering Document/Exhibit Amendment One to US-2042340-OD-03-Jun-2013

- Amendment from original quote for work done from $1,348,620.00 to $3,641,122.00.
- This amount is subsumed into the $19.9 million being paid under Ordering Document US-965367-OD-15-NOV-2013.
- Provides that the ordering document is subject to the terms of the February 28, 2014 Agreement.

Ordering Document US-1053338-OD-01-MAR-2014

- Provides ordering document for services for support and maintenance to the Exchange as directed by Cover Oregon.
- Provides that Cover Oregon will pay Oracle $3,903,879.00 for services to be provided by Oracle from March 1-March 31, 2014.
- Provides that the ordering document is subject to the terms of the February 28, 2014 Agreement.
- Description of services to be provided and paid for in Exhibit 1-TME-300415044.
- Services include assisting Cover Oregon with the implementation and support of full Individual Eligibility, Plan Selection, and Enrollment, and to assist with the changeover and conversion of the Health Exchange to new vendors.

IT Alternatives:

As previously mentioned I had an outside party outline and analyze a number of potential alternatives for us. These include among others staying with current technology but with different developer, using another state's technology and using federal technology.

We are convening a group, starting next week, to evaluate these alternatives and come to a recommendation for you by the end of March. Given the difficulties we have had and the fact that the next open enrollment is November 2014 (8 months!) we need to rapidly look at potential alternatives.

Point B (a consulting firm) will lead us through a structured process and provide additional IT expertise.

The group includes: 3 Cover Oregon Board members – Liz, Teri, and George, who will be bringing his CIO – as well as a number of outside CEO's and CIO's.

Communication/Customer Service:

We now have a dedicated prompt on our customer service line for agents and community partners which has significantly decreased wait times. In addition, consumers now have the option to request a callback when the wait time is long at the call center and we will call them back when it is their turn.

We also launched an effort to reach out to the people who we have been determined eligible for private insurance but who have not enrolled. Outreach strategies include email, mail and live phone calls.

More on all the above at the Board meeting on Thursday.

bruce

From: Hutchings Laura [redacted]
Sent: 3/14/2014 2:51:37 AM +0000
To: [redacted]
CC:
Subject: Cover Oregon / Notes & Action Items from Technology Review Committee, March 13
Attachments: bTech Alt Meeting 2 notes_20140313.pdf

Attached please find the notes from this morning's meeting.

Best,
~ Laura

Laura Hutchings| Executive Assistant | Cover Oregon
[redacted]

Meeting Notes – March 13, 2014

Decisions	• Any recommended alternative for 11/15/2014 is purely for this year. There could be a different recommendation or alternative selected for the longer-term future.
Key Points / Assumptions	• QA results showing some positive momentum over recent months (environment and code stability) and the solution that is in production is "fully functional", but overall picture is still showing significant issues and time is passing. Still a "high risk project". • There are procurement options available to support extremely short timeline to bring on a new vendor. Will follow a structured, formal process, but it would likely not be a public RFP. Broad roles for new SOW are defined, and details are being worked on now. • Technology solution requires more than an e-commerce portal because CO requires support for the overall business (e.g., financials). These business needs will remain regardless of technology alternative selected. • Architecture of current solution can be simplified over time if the decision is made to continue in this direction. For example, eliminate some of the existing integration points in the current solution to simplify the overall architecture. Some of the functionality that could be simplified is removing business logic for the low percentage, high complexity cases and focus on the high volume cases. • Green should mean live and functioning to spec as validated by independent QA. • Still have not achieved full post-release stability due to a combination of issues with vendor release processes and the complexity of some of the functionality being released. The system is stable when there are no releases making changes to the system. The root cause of this instability is the inherent weaknesses in the vendor's release process. • Opening up enrollment to individuals would only require releasing some patches (related to Eligibility Determination) and horizontal scale out of the infrastructure to handle the increase in transaction volume. The functionality is already in place in production. Based on this, CO wouldn't expect significant downtime associated with opening up to individuals. • What has been referred to as "blocker" issues are not high severity issues bringing down the production environment (per an ITIL definition); they are medium severity issues that have business process impacts (i.e., workarounds) but do not prevent ability to conduct operations. • Based on experience, there will always be a hybrid processing model (joint automated and manual) with the current solution. This should be the assumption going forward if the current solution is selected. • How much are system issues being derived from processing of complex cases? Most issues do come from processing of these complex variables. The complex rules are already built into the rules

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	engine. Removing them would require significant system change. • The business logic has all passed through Federal certification. Includes testing of Federal use cases and CO developed cases. • Risk of losing a participating carrier if selected alternative requires additional carrier investment. • What has to change is CO being willing to aggressively manage scope, prioritize and say "no". Can't be all things to all people – need to stay focused on the core mission and what is required for success. • In general, level of effort to build Federal interfaces is not significantly different from what is required to get fully operational on Cover Oregon.
Open Questions	• What percentage of carriers are not already integrated to FFM? (focus on Medical) • How would accuracy rate improve if more complex use cases are removed from required functionality?
Action Items	• Include Maximus in obtaining their input on what they would recommend and/or prioritize to support a public release and hitting 11/15/2014 • If alternative 2 is selected, technical members of the sub-committee to provide advisory support in crafting roles & responsibilities for CO and the new vendor going forward. • Follow up on validating plan information and how it is displayed on the site. • Share results from testing after release this weekend to see how error rates are impacted based on patches and eliminating the most complex use cases. • Determine how FFM handles Sponsorship. • Host a CIO discussion before meeting next Tuesday (7am-9am) – extend invitation to Bruce Wilkinson; • Set up call for Monday at 8am • Other info: o Pros/cons of alternatives, and what are trade-offs for future direction o More feedback from Maximus – adequate competency to get solution working, what are most critical issues to be solved to increase confidence in ability to execute
Next Steps	• •
Other Notes	• Idaho researched as late federal adopter • Rhode Island researched as potential "other" SBM solution •

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From: "Kenagy, John J :CO SrVP Chief Information Officer"
[redacted]

Sent: 3/29/2014 10:20:52 PM +0000

To: [redacted]

CC: [redacted]

Subject: RE: Advisory Group

I wholeheartedly support the parallel approach and agree with Bruce's call for at least a fully developed implementation plan. At a minimum, that will increase our confidence with solid data that Option 9 is practical in the time frame. It will also inform our conversation about what it will take from all parties, including enrollees/re-enrollees, Cover Oregon staff, our system integrator, and Oregon's insurance companies. I wouldn't think it would be a very large team (compared with the staff we need to onboard to finish SBM development and implementation).

John Jay Kenagy, PhD | SVP & CIO, CISO [redacted]

From: Greg Van Pelt [redacted]
Sent: Saturday, March 29, 2014 10:45 AM
To: Brown, George J. :President & CEO
[redacted]

Subject: Re: Advisory Group

I concur. Given the surprises that projects like this bring, a dual path / team approach is a very wise investment.

Greg Van Pelt

[redacted]

From: Brown, George J. :President & CEO
Sent: Saturday, March 29, 2014 10:39 AM
[redacted]
Subject: RE: Advisory Group

Thanks Bruce. I like your thinking. Is it possible and perhaps most prudent to embark on both the state and federal paths simultaneously? Can we put together two teams. If the state path is successful then we can stand down the federal team. I suspect there is a cost to this but this strategy theoretically offers an improved chance of success!?

What do folks think?

George

Sent with Good (www.good.com)

-----Original Message-----
From: Wilkinson, Bruce W[redacted]
Sent: Friday, March 28, 2014 12:16 PM Pacific Standard Time
[redacted]
Subject: RE: Advisory Group

Bruce,

Thank you for this opportunity. I do plan to participate and very much appreciate the opportunity to contribute to this ongoing work toward the success of Cover Oregon.

I did not have a lot to add to Thursday's meeting as I agreed with almost everything that was discussed. In that spirit, I will say that I fully support the consensus decision of the group (option 9+2 or, as Sue rechristened it, option 11).

However, one possible concern that we might well consider for a minute or two fairly soon is this:

Now that we have decided to mitigate the risk of Option 2 by setting a trigger date of late May or early June for invoking Option 9 as a contingency, it seems reasonable to infer that the risk of a successful option 9 rises incrementally from day to day between now and the trigger date—unless we are doing something to develop that option. Of course, working on parallel fronts also has a cost. Based on the group response to my question about a "two front war" (viz.; that we have decided to only work on Option 2 until the end of May), I inferred that we have chosen to believe that the risk increment accruing to Option 9 during the next two months is negligible relative to the cost of a parallel attack.

Remembering that the intelligence of our decisions is constrained by what we choose to believe, it seems prudent for us to test this belief as soon as possible. And wouldn't we at least need a realistically detailed Option 9 (ready to pull the trigger) architecture to review before we can accurately assess the risk of not starting until June?

Thanks,

~Bruce

This message is intended for the sole use of the addressee, and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If you are not the addressee you are hereby notified that you may not use, copy, disclose, or distribute to anyone the message or any information contained in the message. If you have received this message in error, please immediately advise the sender by reply email and delete this message.

To: John Kitzhaber [redacted]
From: Steve Brown
Sent: 2014-03-28T00:53:05Z
Subject: Re: Follow up from J. Kitzhaber
Received: 2014-03-28T00:53:16Z

Dear Governor Kitzhaber,

How soon could you meet privately with me and Alec Lorimore about the possibility of documenting this story?

With respect to the technology questions, I can find the right people to help validate the assessment and plan. If there was an assessment of where the key problems are, that would help. There probably are hairy integration issues, but there may be other things as well.

On the documentary idea, people rise to the occasion when they know it's going to be part of history. I bet Larry Ellison's response will be be different as well, especially when he sees the caliber of filmmakers involved. Ellison lives in Woodside right down the street from me.

Best regards,

Steve Brown

Sent from my iPhone

On Mar 27, 2014, at 4:53 PM, John Kitzhaber [redacted] wrote:

> Steve,
>
> I would appreciate your help on a number of points. First, you clearly understand the big picture here. What we are doing in Oregon is far more important than the technology around enrollment. The real question is what delivery model are people being enrolled in? For many years now I have believed that the crisis in our health carte system reflects a failure of the underlying business model which, as you know, is hyper inflationary and rewards volume rather than quality.
>
> In 2012 we received broad waivers from CMS and a $1.9 billion investment to change the delivery model for our Medicaid program (the Oregon Health Plan). Our commitment was to improve health outcomes across that population and to reduce the per capita medical inflation by two percentage points within 2 years (from 5.5% down to 3.4%). This reduction in cost will allow us to repay the $1.9 billion within 5 years and net a $4.8 billion savings total funds over 10 years. We have 16 "Coordinated Care Organizations? (CCOs) providing care now to over 95% of our medicaid population which is now 750,000 (600,000 and another 250,00 to date under the ACA expansion). The CCOs represent a new coordinated and integrated care model which operates within a risk adjusted global budget that grows at 3.4% per year.
>
> In addition to cost reduction, the CCOs are accountable for 33 metrics: 17 incentive metrics and 16 additional state performance metrics. They post outcomes quarterly online and after the first year are showing excellent quality results http://www.oregon.gov/oha/Metrics/Pages/index.aspx
>
> - Primary care visits increased 18%
> - Specialty care visits decreased 9%
> - Patient-centered primary care home enrollment increased 36%

- Electronic health record adoption doubled from 28% to 57%
- Hospital admissions for CHF reduced 25%
- Hospital admission for COPD reduced 27%

We are now in the process of bringing this new care model to the private marketplace. Last year we capped the growth of the budget for the Public Employees Benefit Board (PEBB) that provides coverage for state employees at the same 3.4% as in Medicaid. Two weeks ago we announced the plans that qualify to be offered on the PEBB for state employees ? several of which are CCOs. We intend to follow suit with school teachers. If the 300,000 state employees and public school teachers and their dependents were all in a care model that grows at 3.4%/year the 10 year savings to the state general fund would be in the neighborhood of $5 billion. The next step would be to offer this care model on the Cover Oregon exchange for private sector employees and small businesses.

Oregon is the only state that is putting the ACA expansion population into a financially sustainable care model so we do not believe that we will have any trouble when the federal match rate drops form 100% to 90%. The point is that we are focused on the fundamental transformation of the delivery system, care model and business model. This will be an early validation of the Affordable Care Act which is not just about the expansion of coverage through exchanges, but about transforming our health care system into one that meets the Triple Aim (better care, better health, lower cost).

The problem we are having with our technology is an enormous distraction to our larger transformation efforts. That is why we need a functional website up by the November open enrollment period. We had a meeting of our Technology Advisory Group this morning with the following consensus recommendation.

They believe that the current technology can be fixed to meet at least the minimum ACA requirements by the November open enrollment period; they recommend an 8-10 week focused effort to do so with clear milestones that must be reached within a set timeframe. If the milestones are not met we would move to the federal system as our default option. We will be moving our State CIO over to Cover Oregon to lead the technology effort. We will be brining in a new COO to support the effort.

You have suggested that it might be a good idea to have a couple of people from tech who have scaled large Internet-based systems outside of healthcare take a look at this ? particularly those who have done large scaleconsumer-facing internet services. You mentioned people who headed engineering for large systems at Oracle in the past,and have more recently headed engineering or large systems at Salesforce.com, NetSuite, Facebook, and Google. If you are willing to reach out discreetly and generically to see who might be available and able to jump in as volunteers it would be greatly appreciated. I can have you visit with my CIO if you need additional information.

Secondly, I do not believe that anyone is documenting the process from the inside as it is happening. I would be more than willing to cooperate fully to help capture it for posterity if you think there would be some value in doing so.
I appreciate the time and interest you have shown in this effort.

Best Wishes,

JK

From:	PETTIT Alex * DAS [redacted]
Sent:	5/22/2014 6:08:52 PM +0000
To:	EDLUND Tina D[redacted]
CC:	BONETTO Mike [redacted] BONETTO STATE EMAIL [redacted]; Clyde Hamstreet [redacted]
Subject:	JCLAIMT CO Presentation
Attachments:	JCLAIMT DRAFT 052914 AZP Edits.pptx

My edits are attached.

I created a page break between my update and the update on the actual work Tina and Sarah are doing. I call my section Technology Transfer Overview and the next Project Update. I'm not very creative, please edit as you like, but I wish to highlight to the committee my transfer from day to day operations activities back to the oversight role I am to play as outlined in the org structure.

On slide 6, I removed and reworded reference around transfer of data to the FFM. As I become more familiar with the data, I'm more certain the FFM will not accept it. I have revised this to transfer of customers to the FFM and would suggest it be discussed in context of process (direct to carrier or re-enrollment).

On slide 7, I removed the design build and SI testing and performance testing and instead put in under gap analysis the four elements we need to have completed by Nov 15: MEC check, a fillable PDF, a link to HealthCare.gov, and account transfer capability between the feds and OHA.

I added slides 8 and 9 to give something of a final wrap up of where development of code is and what has been identified to date what can be re-used regardless the direction taken with CO. I cannot give a final tally as we're awaiting the Deloitte gap analysis, but I try to point out that everything other than SHOP is being used. I then turn the presentation over to Tina.

Thanks.

Alex Z. Pettit, Ph.D.

Chief Information Officer

State of Oregon

[redacted]

Presentation Overview

- Status of project to transfer of QHP eligibility and enrollment to FFM and Medicaid eligibility rules engine to OHA
  - Update on technology "gap analysis"
- Status of Transition Project

GOV_HR00112637

Key Technical Work

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

GOV_HR00112639

Key Assumptions

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

GOV_HR00112640

QHP Using the FFM
Critical Path

- Communications
  - Definition (Audience, Channel, Frequency)
  - Evolution, Evaluation, and Update
- Transfer QHP to FFM
  - Define options and processes
- Plan Management
  - Carrier Plan Submission/Validation
  - Verification of Plans/Rates on FFM
- External Portal (Content Management, Links, FAQs)

GOV_HR00112641

Medicaid Connecting to the FFM Key Deliverables

- Requirements Validation
- Gap Analysis:
  - Medicaid Eligibility Check
  - Link to HealthCare.Gov website
  - Fillable PDF application
  - Account Transfer between FFM and OHA
- User Acceptance Testing: August 15, 2014
- Deployment: November 15, 2014
- Stabilization: Through one enrollment cycle

GOV_HR00112642

Reusable Components

- Hardware: $12,423,149.20
  - All of the hardware is reusable for other purposes (MMIS)
- Software: $8,824,245.32
  - OPA, OBIEE, SOA, ESB, IAM, DB, Siebel, and PeopleSoft
  - Depends upon licensing agreement
- Development: $78,435,739.00
  - TBD by Gap Analysis
  - Could not have enrolled anyone without software
  - Expected to continue to be in production until January 2015

GOV_HR00112644

PROJECT UPDATE

GOV_HR00112645

PROGRESS

- Deloitte contract signed on May 8th
- 45-day deliverables-based contract to provide Cover Oregon with 7 work products by June 20:
  - Project approach and staffing plan
  - QHP to FFM roadmap
  - Web presence strategy
  - Security strategy
  - Organization change management strategy
  - Requirements catalogue
  - MAGI Medicaid roadmap

GOV_HR00112646

PROGRESS

Deloitte progress report: 1st deliverable on time and approved.

IAPDu submitted to CMS on May 23rd

System integrator special procurement

- May 22th: System Integrator Special Procurement Notice posted
- May 29th: System Integrator Scope of Work released.
- Goal: System integrator award announced by June 20.

GOV_HR00112647

Progress

- Tina Edlund—Transition Project Director, single point of accountability
- Sarah Miller—State Deputy COO stepping in as Project Manager
- Alex Pettit—State CIO project IT oversight
- Will utilize a cross-agency project team, rely on a single system integrator for both Cover Oregon and OHA

- Account
  - Weekly progress report to Governor
  - Weekly progress report to CMS
  - Bi-weekly progress report to LFO
  - Monthly inter-agency advisory committee meeting
  - Cover Oregon Board

GOV_HR00112648

Goal: November 2014

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

GOV_HR00112649

NEXT STEPS

- Contract with system integrator by end of June
- Assess impact and develop appropriate plans for:
  - Customers: current enrollees must re-enroll, but we are working with CMS to make that process as simple as possible
  - Insurance carriers
  - Agents
  - Community partners
  - Employees
  - Financial viability

GOV_HR00112650

From: GOLDBERG Bruce [GOLDBERG STATE EMAIL]
Sent: 4/2/2014 3:43:54 AM +0000
To: Fauver Amy [redacted] Bruce GOLDBERG <[redacted] KOLMER Sean P * GOV [KOLMER STATE EMAIL]
CC: GOLDBERG Bruce <ETS EXCHANGE/EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/RECIPIENTS/OR0149280bb1>; WENTZ Patty [redacted]
Subject: RE: Do we have bullets on financial stability?

Cover Oregon is funded on federal grant dollars through 2014

Beginning 2015, Cover Oregon is funded through an assessment built into carrier rates

Current assessment is ~2.5% of premium (note federal is 3.5%)

Enrollment projections for 2014 and 2015 were recently revised downward to reflect changes in the individual market (extension for 1 year of many plans in the individual market) and decreased consumer confidence due to problems with the website

At the same time, Cover Oregon recently revised its 2015 and 2016 operating budgets downward.

If Cover Oregon continues to track, as it currently is, to the revised enrollment projections, it can be financially sustainable and garner sufficient revenue to fund its revised budget.

From: Goldberg, Bruce [redacted]
Sent: Tuesday, April 01, 2014 5:21 PM
To: Fauver Amy
Cc: WENTZ Patty; GOLDBERG Bruce
Subject: Re: Do we have bullets on financial stability?

I can put some together

Tied up for next 2 hours. But can get to it a little later

B

Bruce Goldberg, MD

On Apr 1, 2014, at 5:04 PM, "Fauver Amy" [redacted] wrote:

No, just the presentation as far as I know.

Sent from my iPhone

On Apr 1, 2014, at 4:45 PM, "WENTZ Patty" [redacted] wrote:

Greg needs them for his DC testimony. SPK just pinged me. I can pull some together if we don't from the finance committee presentations.

illed state exchanges' this week

Apr. 1, 2014 11:53 AM |

0 Comments

-
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Cover Oregon website

Written by

Saerom Yoo

Statesman Journal

Cover Oregon is one of the six "problem-filled state exchanges" members of Congress will hear from on Thursday during a House Oversight and Government Reform subcommittee hearing.

Greg Van Pelt, a former hospital executive, will represent Oregon's troubled state health insurance exchange before the subcommittees of economic growth, job creation and regulatory affairs, and energy policy, health care and entitlements.

According to a press release, the hearing will examine whether the six insurance exchanges will be financially sustainable starting in 2015, as required by law.

It is also expected to cover failures of state exchanges, the implications for taxpayers and consumers, and an example of a more successful state exchange.

Other state exchanges represented will be California, Hawaii, Maryland, Massachusetts and Minnesota.

From: HARMON JOHNSON Nkenge * GOV
HARMON JOHNSON STATE EMAIL
Sent: 2/5/2014 10:37:36 PM +0000
To: WRAY Rachel * GOV [redacted]
Subject: RE: Cover Oregon board
Attachments: image001.jpg

-Mike

Call Sean about this to get his guidance.

Thanks.

From: WRAY Rachel * GOV
Sent: Wednesday, February 05, 2014 2:33 PM
To: HARMON JOHNSON Nkenge * GOV; BONETTO Mike * GOV
Subject: FW: Cover Oregon board

Second question today from Jonathan for responses to particular elements of HB4154.

From: Cooper, Jonathan [redacted]
Sent: Wednesday, February 05, 2014 2:27 PM
To: rachel.wray[redacted].us
Subject: Cover Oregon board

Hi Rachel,

HB 4154 would allow the governor to fire the entire cover Oregon board in one year, not just three members per year. Has the governor asked for that authority? Would he exercise it if he had it?

Thanks,

Jonathan

Jonathan J. Cooper

The Associated Press

Salem, Oregon

[redacted]

ELLEN F. ROSENBLUM
Attorney General



FREDERICK M. BOSS
Deputy Attorney General

DEPARTMENT OF JUSTICE
GENERAL COUNSEL DIVISION

DATE: May 5, 2014

TO: Liani J. Reeves, General Counsel
Office of the Governor

FROM: Theodore C. Falk, Attorney-in-Charge
Health and Human Services Section

SUBJECT: Authority for Cover Oregon Partnership Exchange;
DOJ File # 989001- GH0360-14

This document has been prepared for public release.

Questions and Short Answers

1. Can Oregon Health Insurance Exchange Corporation ("Cover Oregon") move to a partnership exchange[1] under current law?

   Yes. A partnership exchange is consistent with Cover Oregon's statutes. Cover Oregon has broad, flexible, and unambiguous contracting powers which it may exercise to create a partnership exchange. Cover Oregon's legislatively approved "Business Plan," however, should be updated.

2. How does Cover Oregon establish a partnership exchange?

   Cover Oregon submits a "blueprint" document to the Center for Consumer Information and Insurance Oversight (CCIIO) for approval. The blueprint allocates roles and responsibilities between Cover Oregon (and other Oregon agencies) and CCIIO.

3. What approvals does Cover Oregon need for a partnership exchange?

   Cover Oregon must obtain approval of its Board and should submit a revised Business Plan to the appropriate legislative committee.

4. What limits does Cover Oregon need to observe in establishing a partnership exchange?

   Cover Oregon cannot subdelegate the functions of its Board, cannot incorporate future federal enactments, and cannot cede powers of the Oregon Insurance Division (OID) or the

[1] A federally-facilitated exchange is a health insurance exchange operated by the federal government, while a state exchange is a health insurance exchange operated by a state. A "partnership exchange" is a health insurance exchange in which responsibilities are shared and allocated between a state and the federal government.

Oregon Health Authority (OHA). There are specific statutory tasks the performance of which Cover Oregon may need to negotiate with CCIIO, such as responsibility for certification of qualified health plans (QHPs). A partnership exchange can be established within these limits.

5. What does Cover Oregon need to do in order to coordinate this transition with other state agencies?

   Cover Oregon must update its current interagency agreements with the OHA and OID.

Background

Our analysis was aided by review of two recent Legislative Counsel Opinions (the "LC Opinions"), one dated April 28 ("April 28 Opinion") and the other April 29, 2014 ("April 29 Opinion").[2] To speed preparation of the present opinion, we have borrowed passages from the LC Opinions that describe the background. The April 29 LC Opinion (at 2) provides a useful summary of the legal background through 2011:

> In 2009, the Legislative Assembly enacted House Bill 2009, which required the Oregon Health Authority, in consultation with the Department of Consumer and Business Services, to develop a plan for creating a health insurance exchange in Oregon. The health insurance exchange would offer to consumers the ability to select and purchase, through a website, health plans that meet certain standards established by law. The bill required the Oregon Health Policy Board, by October 1, 2010, to submit a request to Legislative Counsel for a measure to implement the plan.[3] The Oregon Health Policy Board developed the plan and it became Senate Bill 99, described below.
>
> In 2010, the United States Congress enacted the ACA, which created a nationwide health insurance marketplace composed of state-based health insurance exchanges and, for states that choose not to implement a state-based exchange, a federal health insurance exchange operated by the HHS. The federal exchange is known as healthcare.gov.
>
> Oregon's Health Insurance Exchange
>
> In 2011, the Legislative Assembly enacted Senate Bill 99.[4] Section 3 of the bill, codified at ORS 741.002, provides that the Oregon Health insurance Exchange Corporation (now called Cover Oregon) has the duty to "[a]dminister a health

[2] Senator Boquist requested the April 28 LC Opinion and sent it to Cover Oregon. We have a redacted version of the April 29 LC Opinion published at http://media.oregonlive.com/politics_impact/other/cover%20oregon%20legislative%20counsel%204.29.14.pdf. In all our quotations from the LC Opinions, the footnotes are in the original but have been renumbered to be in sequence here.

[3] Section 17, chapter 595, Oregon Laws 2009.

[4] Chapter 415, Oregon Laws 2011.

insurance exchange in accordance with federal law to make qualified health plans available to individuals and groups throughout this state." Sections 3 and 11 (codified at ORS 741.310) of the bill require Cover Oregon to perform many functions, including to:

- Adopt by rule uniform requirements, standards and criteria for the certification of each qualified health plan (QHP).[5] ORS 741.310 (4).
- Adopt and implement procedures to screen, certify and recertify QHPs. ORS 741.002 (1)(d).
- Decertify or suspend the certification of QHPs that fail to meet standards. ORS 741.002 (1)(e).
- Grade QHPs. ORS 741.002 (1)(g).
- Establish open and special enrollment periods. ORS 741.002 (1)(h).
- Assist individuals and groups to enroll in QHPs. ORS 741.002 (1)(i).
- Certify the eligibility of individuals to be exempt from federal tax penalties. ORS 741.002 (1)(m).
- Establish one streamlined and seamless application and enrollment process for both the exchange and the state medical assistance programs. ORS 741.310 (6).

2011 SB 99 also enacted ORS 741.025(7), requiring Cover Oregon's Board to adopt "a formal business plan" which among other things would "establish the policies for the operation of the exchange, consistent with state and federal law." Section 5(5) of SB 99 created a legislative committee empowered to "[r]eview the development of the formal business plan of the corporation." Section 5(8) required Cover Oregon to deliver to the appropriate legislative committees, before the 2012 regular legislative session, either a Board adopted formal business plan or the draft under consideration. Section 5(9) required Cover Oregon, by February 1, 2012, to deliver to the Legislative Assembly "the formal business plan adopted by the board."

Section 11 of SB 99 enacted ORS 741.310, establishing requirements for purchase of insurance through the exchange and for participation of insurers in the exchange. Section 27 of SB 99 delayed the operative date of ORS 741.310 until "the date the Legislative Assembly approves the formal business plan submitted by" the corporation. ORS 741.222(1)(b) requires a quarterly report to the Legislative Assembly on "implementation of the business plan adopted by the corporation board of directors."

On January 11, 2012, the Board adopted the "Oregon Health Insurance Exchange Corporation Business Plan *February 2012*"[6] (the "Business Plan") and submitted it to the appropriate legislative committees for approval. In 2012, the Legislative Assembly enacted House Bill 4164 (2012), Or Laws 2012 chapter 38. HB 4164 begins with a preamble:

[5] A qualified health plan is a health plan that has been certified to be offered through an exchange.

[6] Oregon Health Insurance Exchange Corporation Business Plan *February 2012*," https://www.coveroregon.com/docs/grants_legislation_reports/approved_business_plan.pdf.

> Whereas the Legislative Assembly of the State of Oregon enacted Enrolled Senate Bill 99 (2011) establishing the Oregon Health Insurance Exchange Corporation to operate an exchange to help improve Oregonians' access to quality, affordable health care coverage; and
>
> Whereas the Legislative Assembly delayed the operation of the exchange pending legislative approval of a formal business plan; and
>
> Whereas the Oregon Health Insurance Exchange Corporation submitted a formal business plan to the appropriate legislative committees; and
>
> Whereas the appropriate committees of the Legislative Assembly have approved the formal business plan

Section 8 of HB 4164 is preceded by a heading reading "Legislative Approval of Business Plan for Oregon Health Insurance Exchange." Section 8 itself did not express approval of the Business Plan but instead repealed the requirement in Section 27 of SB 99, discussed above, that a business plan be legislatively approved before ORS 741.310 became operative.

The Business Plan says:

> If states do not operate their own exchanges, the federal government will implement an exchange for them. By developing its own exchange, Oregon can ensure it meets the unique needs of the state's individuals, employers, and health insurance market. It also gives Oregon the ability to be innovative in the design of plans offered through the Exchange, so it can better contribute to broader state health reforms under way.
>
> Oregon chose to develop a single web portal for the Exchange and federal assistance programs such as Medicaid using an enterprise software platform of integrated commercial, off-the-shelf (or COTS) products.

Business Plan at 6, 18. Thus, the Business Plan was premised on Oregon operating its own exchange, rather than waiting for the federal government to impose a federally-facilitated exchange. The Business Plan does not mention a partnership exchange, but the Business Plan does make clear that Cover Oregon would be making the decisions about information technology infrastructure (Id. at 18). In addition, the Business Plan announces objectives—such as "a single web portal for the Exchange and federal assistance programs such as Medicaid"—which a federally-facilitated exchange and possibly a partnership exchange will not achieve. However, the Business Plan describes a phased rollout in which not all its objectives will be achieved immediately. The Business Plan emphasizes that "[g]iven the various federal and state reforms under way," Cover Oregon will have to "be innovative and nimble as it develops the Exchange website and programs." (Id. at 7)

Under the ACA, the federal government may operate an exchange in a state that does not elect to establish one or where the Secretary of HHS determines that a state-based exchange will not be operational. Within the realm of federally-facilitated exchanges, CCIIO has furnished guidance

on a continuum of options from no state participation at all through the operation of what it calls a State Partnership Exchange.[7]

To our knowledge Cover Oregon does not propose a federally-facilitated exchange with no state participation at all.[8] Rather, Cover Oregon seeks a State Partnership Exchange. Again, we quote the LC Opinion for a useful description of this approach:[9]

> HHS has issued guidance on a hybrid model of an exchange, called a State Partnership Exchange.[10] This model may be used by states as they transition to a workable state-based exchange. In this hybrid model, states use the federal exchange but may choose to assume primary responsibility for many of the functions, including the following:
>
> - Issue applications for the federal exchange.
> - Collect issuer and plan data for the certification of QHPs.
> - Submit to HHS;
>   - Recommendations for the certification, recertification and decertification of QHPs offered to residents of the state.
>   - The results of rate reviews conducted by the state.
> - Serve as the point for issuers and consumers.
> - Ensure compliance by insurers with certification standards and to take appropriate enforcement actions authorized by state law.

After the failure of Cover Oregon's information technology (IT) systems occurred and the costs of repairing them became known,[11] Cover Oregon's Board voted to move to a State Partnership Exchange. The April 28 LC Opinion explains:[12]

> The board of directors of Cover Oregon voted on Friday, April 25, 2014, to use the health insurance exchange website operated by the federal government, known as the "federally facilitated exchange" (FFE) as the "engine for private health insurance plan enrollment through Cover Oregon for the next open enrollment period which begins November 15, 2014."[13] It is our understanding that the Cover Oregon website would continue as the online portal for Oregonians

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[7] CCIIO, "General Guidance on Federally-facilitated Exchanges" (May 16, 2012), http://www.cms.gov/CCIIO/Resources/Fact-Sheets-and-FAQs/Downloads/ffe-guidance-05-16-2012.pdf; CCIIO, "Guidance on the State Partnership Exchange" (January 3, 2013), http://www.cms.gov/CCIIO/Resources/Fact-Sheets-and-FAQs/Downloads/partnership-guidance-01-03-2013.pdf.

[8] Therefore, we have not addressed the question whether a purely federally-facilitated exchange would be consistent with Cover Oregon's statutes.

[9] April 29 Opinion at 3-4.

[10] *See* <http://www.cms.gov/CCIIO/Resources/Fact-Sheets-and-FAQs/Downloads/partnership-guidance-01-03-2013.pdf> (visited April 29, 2014).

[11] On p. 24, an Appendix to the Business Plan answered frequently asked questions about major uncertainties and risks. Failure of its IT systems to function was not an uncertainty or risk the Business Plan addressed.

[12] April 28 Opinion at 2.

[13] Electronic mail from Amy Fauver, Chief Communications Officer of Cover Oregon, dated April 25, 2014.

> to begin the process of applying for health insurance or for medical assistance. However, the Cover Oregon website would link to the FFE to allow an individual to shop for a qualified health plan (QHP)[14] and to complete the enrollment process. The Oregon Health Authority would complete the enrollment process for any individual who qualifies for medical assistance. Cover Oregon "will retain front-end customer outreach and education, initial management of private plans and some oversight of private plans."[15]

To establish a partnership exchange, Cover Oregon must submit an "Exchange Blueprint" to CCIIO. Federal regulations define an "Exchange Blueprint" as information, submitted by a state or an exchange, that sets forth how an exchange established by the state meets approval standards established in 45 CFR §155.105(b) and demonstrates operational readiness of an Exchange as described in 45 CFR §155.105(c)(2).[16] CCIIO has issued instructions to states on submitting, for federal approval, the Blueprint for a state exchange, a purely federally-facilitated exchange, or a partnership exchange.[17] Cover Oregon previously submitted a Blueprint for a state exchange and now plans to replace it with a Blueprint for a partnership exchange.

Discussion

The statutes in ORS chapter 741 assign Cover Oregon many tasks, most centrally to "[a]dminister a health insurance exchange."[18] Similarly, the "exchange" is defined as a health benefit exchange "operated by" Cover Oregon.[19] More specific functions that Cover Oregon is to accomplish are listed in paragraphs (a) through (q) of ORS 741.002(1). The important question here is whether a partnership exchange is incompatible with Cover Oregon's overarching duty to administer and operate a health insurance exchange.

We addressed a similar question in a 1986 Attorney General Opinion. There, we were asked whether Oregon law prohibits the Oregon State Lottery from entering into an arrangement with other states for the operation of a multistate lottery game. We said:[20]

> "State agencies have only such authority and powers as have been granted to them. *Ochoco Const. v. DLCD*, 295 Or 422, 667 P2d 499 (1983); *Ore. Newspaper Pub. v. Peterson*, 244 Or 116, 415 P2d 21 (1966); *Sunshine Dairy v. Peterson et al*, 183 Or 305, 193 P2d 543 (1948). *** [T]he state legislature retains a significant role, along with the lottery commission, in the operation of a state lottery. *See* 44 Op Atty Gen 431 (1985).

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[14] A qualified health plan is a health plan that has been certified to meet the requirements for plans that may be offered through a health insurance exchange.

[15] Supra, footnote 13.

[16] 45 CFR §155.20.

[17] "Blueprint for Approval of Affordable State-based and State Partnership Insurance Exchanges," http://www.cms.gov/CCIIO/Resources/Files/Downloads/hie-blueprint-11162012.pdf. Although normally CCIIO has an annual calendar for accepting blueprint submissions, we assume CCIIO can accept a Blueprint at any time.

[18] ORS 741.001(2)(b), 741.002(1)(a).

[19] ORS 741.300(4).

[20] 45 Op Atty Gen 50, 52-53 (1986) (footnotes omitted).

In the area of intergovernmental relations, the legislature has provided state and local government agencies with extensive authority to cooperate. ORS 190.110(1) provides:

> "In performing a duty imposed upon it or in exercising a power conferred upon it, a unit of local government or a state agency of this state may cooperate, by agreement or otherwise, with a unit of local government or a state agency of this or another state, or with the United States, or with a United States governmental agency, or with an American Indian tribe or an agency of an American Indian tribe. This power includes power to provide jointly for administrative officers."

Under this statute, agencies of various states, with similar authority and functions, can agree to perform their duties or exercise their powers together. A state agency may not agree to do indirectly with a public body of another state that which it lacks authority to do on its own. 41 Op Atty Gen 48, 55 (1980).

We conclude that because the Oregon State Lottery has the authority and capability to operate lottery games, it may enter into cooperative agreements, with similarly situated agencies of other states, to jointly exercise that power through operation of a multistate lottery. Moreover, the lottery commission's participation in cooperative agreements with its counterparts in other states would not constitute any improper subdelegation of its powers. As the Oregon Supreme Court has said in other contexts:

> ". . . Although the subdelegation of power may, under certain circumstances, be beyond the scope of the authority first delegated, or invalid on constitutional grounds, there is no general legal proscription against the retransmission of authority by government agencies. 1 Davis, Administrative Law Treatise, §§ 9.01, 9.06, 9.07. The authority to subdelegate need not be expressed in the statute and may be implied if there is a reasonable basis for such implication. Forkosch, Administrative Law, § 86." *Warren v. Marion County, et al*, 222 Or 307, 320, 353 P2d 257 (1960)."

Our opinion was in response to the lottery's proposal to conduct operations through interstate cooperation. Cover Oregon too considered interstate cooperation as an option: like Maryland, Cover Oregon recently considered using technology developed by the state of Connecticut. Cover Oregon rejected that option as too expensive and not feasible for Oregon due to incompatibility of the IT platforms. Faced with two options—continued development of Cover Oregon's own technology with a new vendor, or using the federal technology—Cover Oregon's Board opted for the latter. ORS 190.110(1)—unchanged since our opinion in 1986—authorizes Cover Oregon to take that option.

In addition to the general authority granted to all agencies, the Legislative Assembly gave Cover Oregon express and specific power to contract for the performance of its duties, functions, powers, and operations:

- "In carrying out the duties, functions and powers imposed by law upon the corporation, the corporation board of directors or the executive director of the corporation may contract with any state agency or other qualified person or entity for the performance of such duties, functions and powers as the board or executive director considers appropriate." ORS 741.250(2);
- "The corporation is authorized to enter into contracts for the performance of duties, functions or operations of the exchange ***." ORS 741.310(10).

Cover Oregon has been granted great flexibility in how it will perform its tasks. Using this flexible contracting authority, Cover Oregon might have contracted for (or "outsourced") elements of its operations to a private contractor or, as mentioned above, to a sister state. Instead, Cover Oregon intends to contract for elements of its operations with the federal government as a "qualified entity" under ORS 741.250(2).

Cover Oregon's statutes require it to "operate" and "administer" the exchange.[21] These statutes do not define "operate" or "administer," so we give these terms their plain meanings.[22] Cover Oregon will continue to "operate" and "administer" the exchange, within the plain meaning of these terms, even if it contracts with the federal government for a partnership exchange. We find no ambiguity in the statute that would justify resorting to legislative history for interpretation of the statute.[23] In any event, the statements by key legislators, as recorded in the legislative history and quoted by Legislative Counsel, are not necessarily inconsistent with the concept of a partnership exchange.[24] Thus, we find no general statutory barrier to Cover Oregon contracting

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[21] ORS 741.001(2)(b), 741.002(1)(a), 741.310(12), 741.381, 741.300(4), 741.500(3), and 741.500(4)(e).

[22] *WEBSTER'S THIRD NEW INT'L DICTIONARY* (2d ed 2002), at 1580-81, pertinently defines "operate" as follows:

> 1 : to cause to occur : bring about by or as if by the exertion of positive effort or influence[;]
>
> 2 a : to cause to function usu. By direct personal effort[;]
>
> b : to manage and put or keep in operation whether with personal effort or not[.]

In light of the statutory context, namely the statutes expressly authorizing Cover Oregon to contract for services, we conclude that the first or last of these definitions applies, rather than the one requiring "direct personal effort." Webster's (at 27) pertinently defines "administer" as:

> 1 a (1) : to manage the affairs of[;]
>
> (2) : to direct or superintend the execution, use, or conduct of[.]

[23] Under *PGE v. Bureau of Labor and Industries*, 317 Or. 606, 610-12, 859 P.2d 1143 (1993), resort to legislative history was unavailable if the legislative intent is clear from the text and context of the statute. In 2001, the legislature amended ORS 174.020 to allow a party to offer a statute's legislative history to assist the court in construing the statute and to allow the court to consider the legislative history. These amendments altered the *PGE v. BOLI* analysis. In *State v. Gaines*, 346 Or 160, 171-172 (2009), the Oregon Supreme Court concluded that, in light of these amendments, the first and primary step in interpreting a statute remained the text and context of a statute but the Court was no longer required to find ambiguity in the statute's language as a predicate to considering its legislative history. Under the revised analysis, legislative history can be used to confirm a statute's plain language or to convince a court that superficially clear statutory language is not plain and that the statute contains a latent ambiguity. Id.; *See also Tektronix v. Department of Revenue*, 354 Or 531, 544 (2013).

[24] April 29 LC Opinion, at 3.

for elements of its operations to the federal government and thereby establishing a partnership exchange.

As the LC Opinions indicate, Cover Oregon will need to negotiate with CCIIO to achieve the tasks that the Oregon statute requires without delegating non-delegable functions. The LC Opinions specifically refer to the certification of health plans as one such function. CCIIO has said "states that are performing plan management functions in [a federally-facilitated marketplace] have some flexibility in assessing compliance with certification standards and adjusting processes."[25] The April 29 LC Opinion observes:[26]

> The guidance provides that HHS is responsible for certifying QHPs in a State Partnership Exchange, although "HHS will work with states to agree upon processes that maximize the probability that HHS will accept state recommendations without the need for duplicative reviews from HHS. Specifically, HHS will accept or respond to state QHP recommendations within 14 business days of receipt. … HHS does not intend to re-review QHP data or otherwise duplicate work performed by the state."[27]

After mutually acceptable QHP certification processes are negotiated among Cover Oregon, OID, and CCIIO, Cover Oregon is required to have its Board approve the procedures and adopt them by rule.[28]

As another example, ORS 741.310(6) requires "one streamlined and seamless application and enrollment process for both the exchange and the state medical assistance program." The partnership exchange may be unable to do that, at least initially. But the Oregon-operated exchange was far from that goal as well, and we do not know whether moving to a partnership exchange makes that statutory objective unattainable. The operations of the federally-facilitated exchange are a work in progress. As a result, we do not know what capabilities a partnership exchange may offer in the future.

---

[25] CCIIO, "2015 Letter to Issuers in the Federally-facilitated Marketplaces," http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/2015-final-issuer-letter-3-14-2014.pdf.

[26] April 29 Opinion at 4.

[27] Memo from Center for Consumer Information and Insurance Oversight, an agency of the United States Department of Health and Human Services, on the subject, "Guidance on the State Partnership Exchange," dated January 3, 2013, at page 7. See footnote 10.

[28] *See* ORS 741.002(1), which requires Cover Oregon to:

> *****
>
> (d) Using procedures approved by the corporation's board of directors and adopted by rule by the corporation under ORS 741.310, screen, certify and recertify health plans as qualified health plans according to federal and state standards and ensure that qualified health plans provide choices of coverage.
>
> (e) Decertify or suspend, in accordance with ORS chapter 183, the certification of health plans that fail to meet federal and state standards in order to exclude them from participation in the exchange.
>
> (f) Promote fair competition of carriers participating in the exchange by certifying multiple health plans as qualified under ORS 741.310.

We expect to work with Cover Oregon to assure that its partnership exchange reserves to Oregon any particular tasks that Cover Oregon, OID, or OHA may not delegate. We strongly recommend that DOJ review the partnership documents in order to assure their compliance with Oregon law.

The partnership agreement cannot lawfully delegate the discretion vested in the Board of Cover Oregon. Board members are required to do their jobs personally, by the exercise of discretion and judgment. We are not aware of any element in the move to a partnership exchange that would require the Board to cede its authority to CCIIO. Cover Oregon's statute specifically assigns certain tasks to the Board, and the Board may have other non-delegable duties that may be implied from the statute or general law.

In connection with the partnership arrangements, we expect the Board to take a number of actions and approve a number of documents. We strongly recommend that DOJ review these documents before Board approval.

Among the Board tasks are adopting revisions to administrative rules that the Board may need to change in order to move to a partnership exchange. Some of these Cover Oregon rules may end up simply pointing to federal regulations or procedures.[29] Also included are renegotiation of the interagency agreements with OHA and OID, and Board review of major new IT contracts that will be necessary in order to accomplish the transition.

From the standpoint of legislative oversight, preeminent among the Board's tasks will be revisions to the Business Plan. As discussed above, approval of the Business Plan by the Board and the appropriate legislative committees was a premise of HB 4164. Moving to a partnership exchange could alter some assumptions in the Business Plan. For example, the financial model may need to be updated. We recommend that Cover Oregon submit to its Board, and then to the appropriate legislative committee, changes that a partnership exchange would require to the Business Plan.

Like the Business Plan, Cover Oregon interagency agreements with OHA and OID were premised on a state-operated exchange. These agreements will need to be updated for the partnership exchange.

Please contact us as follow-up questions may arise. Pursuant to ORS 180.060(3), persons other than state officers may not rely upon this letter.

[29] To avoid prospective delegation, Cover Oregon's rules must refer only to federal regulation or procedures that exist at that time Cover Oregon adopts its rules.

To: John Kitzhaber [redacted]
From: Patricia McCaig
Sent: Fri 2/7/2014 10:43:01 PM
Subject: Tim
MAIL_RECEIVED: Fri 2/7/2014 10:43:14 PM

Campaign hires Tim. 4-6 weeks almost full time. Coordinates with Nkenge but does all the leaning into the "plan" and manages to the extent possible the independent review path.
I had started shopping this idea last night. Tim is willing. Mark and Kevin think a good idea.
You, what do you think? How will it play with Mike and Nk

Patricia McCaig
[redacted]

Message

From: BONETTO PERSONAL EMAIL
Sent: 2/8/2014 4:33:03 PM
To: Patricia McCaig [redacted]; Scott Nelson [redacted]
Subject: Re:

Believe we agreed that we need an immediate mtg with core staff (on both sides) to outline process/planning moving forward. Would suggest that the group include some combination or all of names below. This is the crew to initially drive process and outcomes around controlling Cover Oregon strategy...and would/could transition into A51. This group will need to meet weekly for a minimum of the next 8 weeks. Ideally, we may be able to contract with Tim for some of this work...but will need all of us to a) identify key areas to target and b) ensure that the work is getting done.

I think we should have this group meet on Tuesday evening this week....could be in Portland. Depending on how far we get...we could meet with Gov the following evening to provide high level overview...but not sure we need it just yet.

Bonetto
Dmitri
Nkenge
Duke (can leave off for now...but would include post Cover Oregon work)

Scott
Patricia
Tim
Mark
Kevin
Curtis

On Feb 8, 2014, at 12:50 PM, Patricia McCaig [redacted] wrote:

Bridge hearing is scheduled for 3:00 in Salem. It's going to go long, I probably don't have to stay for all, but.....

I'm not sure that JK needs to attend? Or am I confused about which meeting this is.

Patricia McCaig
503.593.5250

On Feb 8, 2014, at 12:48 PM, Scott Nelson wrote:

Mike and Patricia:

5-730 on Wednesday 2/12 is held for the purpose of a meeting. I defer to you guys on attendees, etc.

Let me know how I can be useful administratively on this.

Scott

On , Scott Nelson [redacted] wrote:
Happy to do whatever we need to do on the food front.

I will figure out a precise time from others.

On Saturday, February 8, 2014 12:34 PM, Jan Murdock [redacted] wrote:
Are you planning to serve dinner?

He could be there by 5 pm if that works for the others.

I'll hold 5-7:30pm for now.
Jan Murdock
503-327-3490
Sent from my iPhone

On Feb 8, 2014, at 12:16 PM, Scott Nelson [redacted] wrote:
Thanks Jan. Is 5 pm the right time? 6? When would he be available?

On Saturday, February 8, 2014 11:52 AM, Jan Murdock [redacted] wrote:
Hi

I'll book 2/12. Cylvia will be out of state. She arrives home at midnight that night.

I can hold the evening of 2/25; but the Governor & Cylvia have agreed to host an evening event at Mahonia on 2/26 so that is no longer an option.

I'll work on finding time for campaign meetings this month.
Jan Murdock
[redacted]
Sent from my iPhone

On Feb 8, 2014, at 11:29 AM, Scott Nelson [redacted] wrote:

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

Greetings Mark and Kevin,

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

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

Thanks so much,
Cylvia

Cylvia Hayes
CEO, 3EStrategies
[redacted]

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

Cc: 'John Kitzhaber' [redacted]
Subject: Area 51 kick off meeting

Greetings,

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

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

Date of first Call: Tuesday April 1, 5pm
Call in number: TBD

Agenda items for this call:

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

Please let me know if you will make this call.

Thanks,
Cylvia

Cylvia Hayes
CEO, 3EStrategies
[redacted]

To: Patricia McCaig[redacted] John Kitzhaber[redacted]
Cc: Mike Bonetto[redacted]BONETTO STATE EMAIL
From: Cylvia Hayes
Sent: Sun 2/9/2014 3:41:53 AM
Subject: Re: A temporary plan?
MAIL_RECEIVED: Sun 2/9/2014 3:42:14 AM

Greetings Patricia,

As I said when we spoke earlier today, I think this is a great plan and I am very appreciative that you are willing to step into this "job" in the midst of everything else on your plate. That is true public service.

Thank you.

Cylvia

Cylvia Hayes
CEO, 3EStrategies
[redacted]**@3estrategies.org**
Www.3estrategies.org

From: Patricia McCaig <[redacted]
Date: Saturday, February 8, 2014 12:47 PM
To: John Kitzhaber <[redacted], Cylvia Hayes <[redacted]
Subject: A temporary plan?

Ok, it's clear we need more accountability and follow-thru from the campaign and some specific, intensive management of the Cover Oregon issues. I do not think the governor's office has the staff capacity on the Cover Oregon piece. And no-one is driving Mark and Kevin (bless their hearts). Scott is a one man machine.
How about?
Mike chairs a joint campaign and key staff meeting weekly starting ASAP
I staff him (quietly, privately) with the campaign related items that help focus/drive Kevin and Mark, i.e. what's the hiring schedule, when's the first draft of the poll, what's the date its going into the field, things like that. We'll wrap Scott into this with his campaign pieces - timing for hiring plan, etc.
We also set a schedule and process for getting a campaign committee with a chair in place that probably would take over from Mike. (Area 51)
Tim comes on, almost full time, for a limited time, paid for by the campaign to manage the Cover Oregon Getting it in Perspective Plan.

To do that he would identify what Mike and Nkenge need to be managing from the gov office, bridging the information gap with the campaign, and most importantly identifying and teeing up the critical and emerging Cover Oregon issues for the combined team so we can develop a plan and be more prepared both at the state level and the campaign. We need one person who's entire purpose is getting their head around this from a communication/planning perspective and providing the rest of us with the right level of information to make informed decisions.

Is this a temporary fix? I've had good conversations with Mike, Tim, Mark, and Kevin separately. Talking with Mark and Kevin again at 3:00.

Patricia McCaig
[redacted]

From: Patricia McCaig
Sent: Saturday, February 08, 2014 5:34 PM PST
To: John Kitzhaber
Subject: Re: A temporary plan?

Because you are you and you are governor of the great state of oregon. And I believe.

Patricia McCaig
[redacted]

On Feb 8, 2014, at 5:11 PM, John Kitzhaber wrote:

You have know ideas how much better this makes me feel. You truly are a Princess. How did I get so lucky to be on your team?

From: Patricia McCaig [redacted]
Date: Saturday, February 8, 2014 at 4:42 PM
To: John Kitzhaber [redacted]
Subject: Re: A temporary plan?

Good. Everybody on board. Just finished with mark and Kevin. Talked to mike this a m. Tim working on outline. Mark, Kevin, mike, Nkenge daily calls run, managed by Tim.

Phew. We get it started on the correct foot and it will get you what you need.

PMc

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Patricia McCaig
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PMc 00002

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Patricia McCaig

[redacted]

PMc 00002

Message

From: Patricia McCaig [redacted]
Sent: 2/9/2014 5:27:04 PM
To: BONETTO PERSONAL EMAIL [redacted]
Subject: Re: Meeting this Tuesday...

OK - I think you'll have daily engagement (morning calls will be suggested) with Tim, Mark, Kevin on the Cover Oregon that will get the momentum going and the weekly meetings will round it out. We've also got to get the campaign focused on bigger and very real items or we are going to get behind in that parallel universe which is as important. Maybe a 1/4 of the first couple of meetings can be dedicated to the campaign?

If I get a chance, I might try a draft org chart with roles and responsibilities for this combined effort? Even if incorrect, it might help clarify discussions?

Patricia McCaig
[redacted]

On Feb 9, 2014, at 8:51 AM, Gmail wrote:

I'm fine setting the context around weekly oversight of campaign/gov office coordination...but I do believe that the initial focus will need to be 90+% on Cover Oregon for the next few months.

On Feb 9, 2014, at 7:17 AM, Patricia McCaig < [redacted] wrote:

Mike, to clarify, this group is not specific to the cover Oregon plan, it is the weekly oversight of the campaign/ gov office coordination. Tuesday's meeting could be follow up specifically to cover Oregon and explain the broader oversight role of the campaign.

Correct ?

PMc

On Feb 8, 2014, at 10:36 PM, BONETTO PERSONAL EMAIL [redacted] wrote:

I wanted to follow up with everyone after yesterday's call with the Governor and to make sure we're clear on next steps. I know many of us have had several side conversations since then.

No doubt we all realize that we need more structure, resources and management around Cover Oregon issues. To begin to address this, I would like the group below to **meet this Tuesday evening from 6:30pm-8:30pm in Portland** (preferably at [redacted] .but those who can't

be there in person could call-in). I'll bring the pizza and beer. I would also like the group to plan on meeting weekly for the next 8 weeks.

Nkenge
Mike
Dmitri

Scott
Patricia
Kevin
Mark
Tim

My apologies for any inconvenience this may cause...but we're at a critical time where we need to bridge any information gaps that might exist between all of us and also immediately identify and plan for emerging Cover Oregon issues.

Many thanks to all of you for your help on this...don't hesitate to contact me if you would like to discuss further.
Best,
MB

Message

From: [redacted]
Sent: 2/9/2014 5:46:36 PM
To: Patricia McCaig [redacted]
Subject: Re: Meeting this Tuesday...

yes...sounds good...thx

On Feb 9, 2014, at 9:27 AM, Patricia McCaig [redacted] wrote:

OK - I think you'll have daily engagement (morning calls will be suggested) with Tim, Mark, Kevin on the Cover Oregon that will get the momentum going and the weekly meetings will round it out. We've also got to get the campaign focused on bigger and very real items or we are going to get behind in that parallel universe which is as important. Maybe a 1/4 of the first couple of meetings can be dedicated to the campaign?

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Best,
MB

From: Gmail
Sent: Sunday, February 16, 2014 9:52 PM PST
To: John Kitzhaber; Patricia McCaig
Subject: Re: Comments?
Attachments: Cover Oregon SWAT Team Overview_mb.docx

Many thx Patricia…agree that this is a great start. I made just a few edits in the document….but also want to think more about org chart as it relates to MJ and the First Data piece and how I should interact with him on this. Since I'm part of the review….I want to make sure we're careful how much interaction I have with him.
MB

On Feb 16, 2014, at 4:40 PM, John Kitzhaber [redacted] wrote:

> This looks excellent. Thanks for putting the time into it.
>
> JK
>
> (Now, let's also build a bridge)
>
> **From:** Patricia McCaig [redacted]
> **Date:** Sunday, February 16, 2014 at 12:57 PM
> **To:** John Kitzhaber [redacted] Mike Bonetto
> BONETTO PERSONAL EMAIL
> **Subject:** Comments?
>
> Hi, being mindful of not putting too much on paper, I did want to put an org chart, goals, and overview together for the Cover Oregon team - this is a **discussion draft** and needs your review and comments. I have no pride of authorship, and barely know enough about the topic to write the goals. There are two documents attached: a chart and an overview. I am work on a similar document for our other efforts. PMc
>
> **Patricia McCaig**
> [redacted]

Cover Oregon SWAT Team
Goals, Structure and Responsibilities
Draft 2/16/2014

Goals:

1) Insure the Governor's healthcare transformation agenda continues to moves forward, and
2) Provide access to Oregonians seeking/needing healthcare.

Swat Team Six-Week Goal:

Develop a communication strategy and plan to minimize website related issues and focus on successfully executing and supporting Cover Oregon's enrollment plan, including:

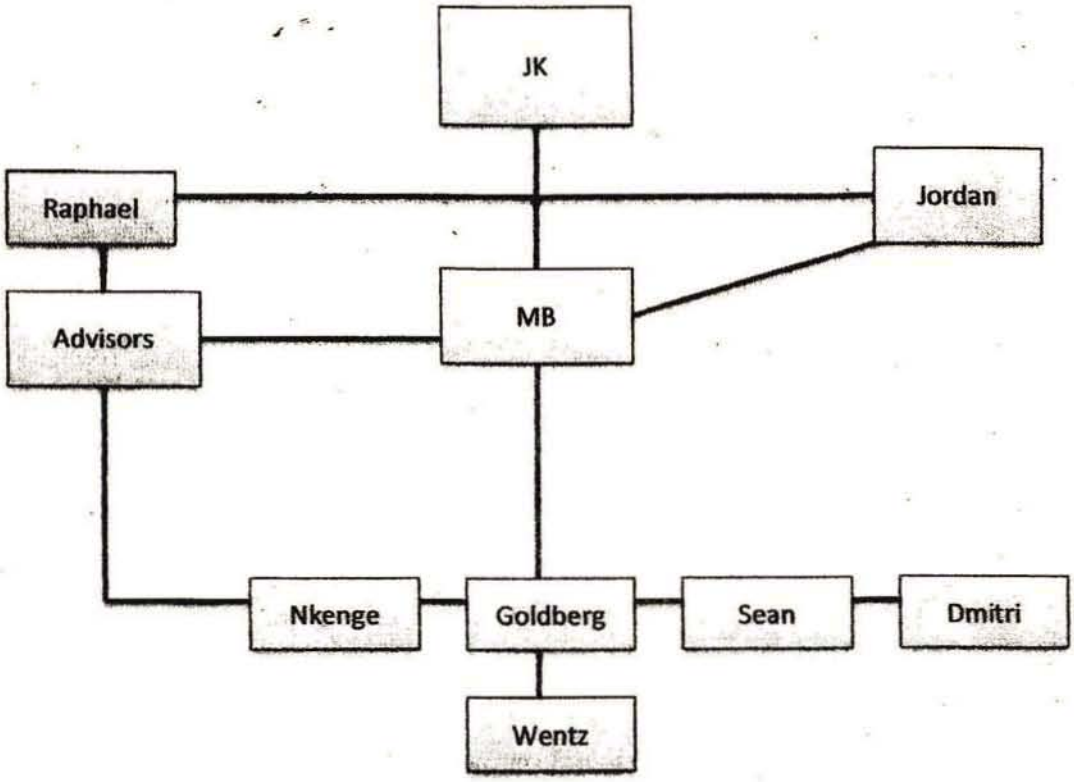
- Review enrollment plan, numbers, milestones and timeline;
- oversee and coordinate all communication/policy/implementation issues related to website enrollment and contracts;
- identify website related landmines, gather information, and prepare possible responses/outcomes;
- provide rapid response mechanism for website related issues; and
- help create "space" for a positive general enrollment narrative, determine if separate narrative supporting website enrollment is necessary.

The Cover Oregon SWAT team is a combined team of both public and private resources. Tim Raphael with lead the SWAT team. As the project lead, he will be responsible for helping focus the development of a successful enrollment plan and identifying the critical path issues necessary to develop a successful communication strategy and plan to support the enrollment plan.

The project leader will manage the advisors' team, develop direction, coordinate with key governor's staff, provide the governor access with updated information and critical path issues, and focus/direct information gathering as required.

The governor's staff will provide support where appropriate and coordinate all related activities through the project lead/advisory team.

SWAT TEAM ORGANIZATION



From: Patricia McCaig
Sent: Saturday, February 08, 2014 5:34 PM PST
To: John Kitzhaber
Subject: Re: A temporary plan?

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Patricia McCaig
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On Feb 8, 2014, at 5:11 PM, John Kitzhaber wrote:

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Date: Saturday, February 8, 2014 at 4:42 PM
To: John Kitzhaber [redacted]
Subject: Re: A temporary plan?

Good. Everybody on board. Just finished with mark and Kevin. Talked to mike this a m. Tim working on outline. Mark, Kevin, mike, Nkenge daily calls run, managed by Tim.

Phew. We get it started on the correct foot and it will get you what you need.

PMc

On Feb 8, 2014, at 4:33 PM, John Kitzhaber <[redacted]> wrote:

> Princess,
>
> THIS SOUNDS VERY GOOD TO ME!!! As you know, we got another hit in the Oregonian today.
>
> **From:** Patricia McCaig <[redacted]>
> **Date:** Saturday, February 8, 2014 at 12:47 PM
> **To:** John Kitzhaber <[redacted]> Cylvia Hayes
> [redacted]
> **Subject:** A temporary plan?
>
> Ok, it's clear we need more accountability and follow-thru from the campaign and some specific, intensive management of the Cover Oregon issues. I do not think the governor's office has the staff capacity on the Cover Oregon piece. And no one is driving Mark and Kevin (bless their hearts). Scott is a one man machine.
>
> How about?
> Mike chairs a joint campaign and key staff meeting weekly starting ASAP
> I staff him (quietly, privately) with the campaign related items that help focus/drive Kevin and

Mark, i.e. what's the hiring schedule, when's the first draft of the poll, what's the date its going into the field, things like that. We'll wrap Scott into this with his campaign pieces - timing for hiring plan, etc.
We also set a schedule and process for getting a campaign committee with a chair in place that probably would take over from Mike. (Area 51)
Tim comes on, almost full time, for a limited time, paid for by the campaign to manage the Cover Oregon Getting it in Perspective Plan.

To do that he would identify what Mike and Nkenge need to be managing from the gov office, bridging the information gap with the campaign, and most importantly identifying and teeing up the critical and emerging Cover Oregon issues for the combined team so we can develop a plan and be more prepared both at the state level and the campaign. We need one person who's entire purpose is getting their head around this from a communication/planning perspective and providing the rest of us with the right level of information to make informed decisions.

Is this a temporary fix? I've had good conversations with Mike, Tim, Mark, and Kevin separately. Talking with Mark and Kevin again at 3:00.

Patricia McCaig
[redacted]

PMc 00002

To: John Kitzhaber [redacted] Patricia McCaig [redacted]
From: Gmail
Sent: Mon 2/17/2014 5:52:16 AM
Subject: Re: Comments?
MAIL_RECEIVED: Mon 2/17/2014 5:52:48 AM
Cover Oregon SWAT Team Overview_mb.docx

Many thx Patricia…agree that this is a great start. I made just a few edits in the document….but also want to think more about org chart as it relates to MJ and the First Data piece and how I should interact with him on this. Since I'm part of the review….I want to make sure we're careful how much interaction I have with him.
MB

On Feb 16, 2014, at 4:40 PM, John Kitzhaber [redacted] wrote:

> This looks excellent. Thanks for putting the time into it.
>
> JK
>
> (Now, let's also build a bridge)
>
> **From:** Patricia McCaig [redacted]
> **Date:** Sunday, February 16, 2014 at 12:57 PM
> **To:** John Kitzhaber [redacted] BONETTO PERSONAL EMAIL
> **Subject:** Comments?
>
> Hi, being mindful of not putting too much on paper, I did want to put an org chart, goals, and overview together for the Cover Oregon team - this is a **discussion draft** and needs your review and comments. I have no pride of authorship, and barely know enough about the topic to write the goals. There are two documents attached: a chart and an overview. I am work on a similar document for our other efforts. PMc
>
> Patricia McCaig
> [redacted]

Cover Oregon SWAT Team
Goals, Structure and Responsibilities
Draft 2/16/2014

Goals:

1) Insure the Governor's healthcare transformation agenda continues to moves forward
    a. Provide access to Oregonians seeking/needing healthcare.
    b. Lower health care costs
    c. Improve health outcomes

Swat Team Six-Week Goal:

Develop a communication strategy and plan to minimize website related issues and focus on successfully executing and supporting Cover Oregon's enrollment plan, including:

- Review enrollment plan, numbers, milestones and timeline;
- oversee and coordinate all communication/policy/implementation issues related to website enrollment and contracts;
- identify website related landmines, gather information, and prepare possible responses/outcomes;
- develop and oversee communication planning related to First Data independent review;
- provide rapid response mechanism for website related issues; and
- help create "space" for a positive general enrollment narrative, determine if separate narrative supporting website enrollment is necessary.

The Cover Oregon SWAT team is a combined team of both public and private resources. Tim Raphael with lead the SWAT team. As the project lead, he will be responsible for helping focus the development of a successful enrollment plan and identifying the critical path issues necessary to develop a successful communication strategy and plan to support the enrollment plan.

The project leader will manage the advisors' team, develop direction, coordinate with key governor's staff, provide the governor access with updated information and critical path issues, and focus/direct information gathering as required.

The governor's staff will provide support where appropriate and coordinate all related activities through the project lead/advisory team.

Message

From: [redacted]
Sent: 2/17/2014 5:52:16 AM
To: John Kitzhaber[redacted]; Patricia McCaig[redacted]
Subject: Re: Comments?
Attachments: Cover Oregon SWAT Team Overview_mb.docx; HTML Attachment.html

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To: John Kitzhaber [redacted] Mike Bonetto [redacted]
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Patricia McCaig
[redacted]

From: TimS360 [redacted]
Subject: priority questions
Date: February 9, 2014 at 4:31:56 PM PST
To: Mark Wiener [redacted] Patricia McCaig [redacted]
Cc: Kevin Looper [redacted]

Hi Mark, Kevin and Patricia,
I'm struggling to get my head around a work plan on Cover Oregon. Here's my first attempt at prioritizing questions that need answers and setting up a process going forward…right track?

Information Gaps

Oregonian
Where are Nick and Jeff going next? (I assume they will break most new information from now on.)
Many questions below stem from public records requests they have pending

Governor questions (Bonetto and Nkenge)
What did he know? When did he know it? How did he respond?
Already misspoke about interaction with Sheehan.
Need to review calendar and email for all contact between Governor and Bruce Goldberg, Rocky King, Carolyn Lawson, Dennis Richardson, Patric Sheehan…others? Sept. 12 - Oct. 13

Independent Review questions (Bonetto and Jordan)
What's the scope of the report and can/should it be expanded given new developments?
Are there specific questions we want answered that may not be within current scope?
What is the timeline and process for completion and release of the report?
Who receives it? In draft or final form? Comments/response incorporated?
How much time between release to DAS/Governor's office and public release?
What's the ideal scenario for roll out?
What will be the Governor's response? Is the goal to try to make the report and response the last word? Is that possible?

Quarterly Gate Review questions (Patty and Bruce)

Are these our reports to the federal government?
Do we have access to reports?
How many have there been? When?
Who participates? Oracle alone? Or state and Oracle together?
Who has been in the room for state?
Have we/Oracle made misrepresentations about working website?
Was there a specific meeting with feds when Oracle/State showed a working website? When?
Who at OHA/CO has most information about progress reports to feds?
Do we have reports from Oracle? Evaluations? Assessments?

Carolyn Lawson questions (based on pending public records requests) (**Patty and Bruce**)
Did she do outside consulting while on the job?
Budnick seeking info on Angela Young, Cheryl Miller, Kathryn Naugle, Rus Hargrave, Bassett, others…who are they? What's he after?
Who are Jon Lemelin and John Cvetko?
Connection between Lawson and Suzanne Hoffman?
What are options with Steve Powell now? Has he had evaluations? Did he hire staff from California as well? Administrative leave pending independent review?

Cover Oregon questions (Patty and Bruce)
What's CO's budget status? Hurting due to lower enrollment?
Risk of insolvency? Bail out?
Are Cover Oregon/Oracle employees talking to reporters?
What's the deal with Jira, blocker, blockers?
SAG letter? Markowitz Herbold? Is that a law firm? State's?

OHA questions: (Patty, Bruce Goldberg/Tina Edlund)
What else is out there on Carolyn?
What representations have been made to feds?
What is CMS/federal attitude to developments in Oregon? Likely to investigate?

Federal delegation questions (Mike and Dmitri)
Does Merkley get pushed to get more aggressive? Call for federal investigation?
Others in delegation?
Who is on point to keep them in the loop?

Legislative questions (Dmitri)
How are we informing Tina and Courtney?
Where is legislature going next?
Do we need leadership to engage In another way?

Public opinion research
Do we have any sense how this is playing?
Cover Oregon familiarity? Connection to Governor?

Going Forward

Key Assumptions between now and March 31
- New revelations
- Unpredictable investigative thread
- Continuing scrutiny
- Ongoing technical issues with website
- Independent review will require action/response but will not definitively answer all questions

What is our ability to get ahead of next allegations? Opportunity to release information and take action before the media? What do we know about past problems not yet public?
Do we have the ability to control any of the assumptions above?
Can we shift frame on Cover Oregon from scandal and epic fail to more realistic perspective on the magnitude of the problems?

If answer is no, then what are options for Governor?

1) Continue current course of waiting for independent review — Maybe Cover Oregon is failure…maybe not.
- Focus on progress on enrollment
- Continue web testing and adding modules
- Debunk idea that federal exchange is an option.
- Increase visibility of Governor's proactive agenda on jobs and education

2) Tilt toward idea that Cover Oregon needs an overhaul. Increase focus on Cover Oregon and attempt to insert Governor into new story lines. Reposition from spectator waiting for independent review to active investigator
- Who has subpoena power? DOJ?
- New leadership at OHA/Cover Oregon?
- Governor will get to the bottom of it and either save it or kill it.

3) Launch a major new initiative timely and significant enough to draw attention away from CO and make clear the Governor continues to be a transformative, post-partisan leader.
- ???

Thoughts?
Tim

From: **TimS360** [RAPHAEL PERSONAL EMAIL]
Subject: Re: First Data
Date: February 10, 2014 at 5:05 PM
To: Mark Wiener [redacted]
Cc: Patricia McCaig [redacted], Kevin Looper [LOOPER CONSULTANT EMAIL]

Other things to keep you up at night…
- Bruce ready to pull plug on public website while Oracle pushing to get paid $30 million it says it is owed…state position has been no pay until working website…both sides have legal options
- Bruce considering taking Exeter up on its offer to build out website…they would agree work for free til there's a working website…Exeter has ex-Oracle employees and is also possible source for anti-Oracle, anti-Lawson stories…has always wanted CO work
- Other companies sniffing around to clean up mess
- Bob Cummings beginning to poke into other big state IT projects that are struggling…fresh opportunities for Richardson and reporters to probe…JK should be aggressive about getting ahead of other IT issues — DAS needs to know what's out there, evaluate problems, set new contracting/IT guidelines, etc.
- Steve Powell (Lawson hire from California) hunkering down…won't talk to Patty

Should we talk before campaign meeting tomorrow night?
Tim

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> **Sent:** Monday, February 10, 2014 2:02 PM
> **To:** TimS360
> **Cc:** Mark Wiener; Kevin Looper
> **Subject:** Re: First Data
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5) What was the basic oversight and governance accountability as it relates to the multiple parties and the procurement, administration and finances of vendor services?
6) Why were Oracle products and Oracle services chosen?
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<First-Data-Work-Order-Contract .pdf>

Winning Mark
Website | Twitter | Instagram

From: Tim [Raphael Personal Email]
Subject: Re: priority questions
Date: February 10, 2014 at 6:30 AM
To: Dmitri Palmateer [Palmateer Personal]

Helpful. thanks. I'll call you later today.
Tim
On Feb 9, 2014, at 10:15 PM, Dmitri P <[redacted]> wrote:

> Tim,
>
> This is exactly what we have been missing. We haven't been aggressive in coordination; there's a gap inside our office, a gap between OHA and Cover Oregon, a gap between us and cover oregon, and we have a leak I believe inside cover oregon.
>
> I'll add some thoughts below in all caps.
>
> Here is what I know. Much of what started this was the Exeter-Oracle fight. Richardson, Sheehan, Bob Cummings, and Exeter were all in the same rooms back in 2011 and 2012. Exeter believes Lawson gave them a raw deal, wouldn't return calls, and then got over her skis. They fought back until late 2012 and them went quiet until the woes in October 2013. Richardson, Sheehan, and Cummings are drawing from their earlier fight with her to queue up story after story.
>
> According to my sources, there are two major vulnerabilities. Exeter knows of them, but I don't know how much Sheehan and Richardson know. Clearly there is a source either in Exeter or CO who is feeding Sheehan the info.
>
> 1). Cummings asked OHA/Lawson and review the Exeter Onegate product and tell the legislature why it would or wouldn't work. A source previously with Oracle claims he was handed the task of reviewing the Onegate product (but not actually given access to the actual product) not a CO employee. He was told to write the report and demonstrate why Exeter's product wouldn't work. OHA/co then presented the report to the legislature under their title. Exeter has been seething mad, supposedly, since finding that out.
>
> 2) A current Exeter employee, who used to work for Oracle, claims he was asked by a superior in Oracle to put together a dummy web page that looks good but isn't functional. It was then, supposedly, used to pass the federal gate test. Exeter employee, named Matt Freeman, claims he left Oracle after figuring this out. Exeter claims he isn't talking but that the press somehow got his cell phone number. This is the spot where I believe someone at Exeter or cover oregon is working with the Richardson campaign, I asked John Eames and Greg Peden point blank if they or anyone else they knew with the company have talked to Sheehan or Richarson. They both emphatically say no.
>
> 3) a number of tech lobbyists say it was an open secret that Lawson was shilling for Oracle around the country. They say it went beyond the usual coziness.
>
> 4). Cummings has asked us for an update on other it products. There are a number of them with black eyes... A number of which are in OHA world. Something called Mmis, and the OHA modernization product, we have asked Jordan and the new CIO to get us a list of every product and begin asking agencies very hard questions. If we don't like what we hear back, I think we should be prepared to suspend work on them until they meet some criteria outlined by Alex. We should have some of that info back this week. Again, Cummings has most of this info, and so does Richardson. At least an inkling of it.
>
> 5). We need to know everything about progress on cco's too. We can drive some message that direction but it better withstand scrutiny.
>
> More notes below in all caps.
>
> Sent from my iPad
>
> On Feb 9, 2014, at 4:40 PM, Tim [redacted] wrote:
>
>> Hi Dmitri,
>> Keep this to yourself…I may be re-engaging…Interested in your thoughts/additions to the piece below…
>>
>> Other needs include:
>> Daily update on reporter questions to Governor's office, OHA, Cover Oregon.
>> Review of Oracle emails and justification for why they are allowed to review before release.
>>
>> Tim
>>
>>> **From:** Tim [redacted]
>>> **Subject:** priority questions
>>> **Date:** February 9, 2014 at 4:31:56 PM PST
>>> **To:** Mark Wiener <[redacted]>, Patricia McCaig <[redacted]>
>>> **Cc:** Kevin Looper <[redacted]>
>>>
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<First-Data-Work-Order-Contract .pdf>

Winning Mark
Website | Twitter | Instagram

Message

From: Mike Bonetto [BONETTO PERSONAL EMAIL]
Sent: 2/19/2014 6:10:10 AM
To: Sean Kolmer [KOLMER PERSONAL EMAIL]
Subject: follow up...

Good discussion with Tim tonight.

A few things we're still working on...

1) accounting of how all of the $$ have been spent.
2) robust timeline (like you mentioned today...overlapping our initial timeline with federal reviews, legislative updates, QA reports.)
3) back-up plan post Oracle...What is process/options?
4) actual emails from Richardson and Sheehan

From: Aelea Christofferson [redacted]
Sent: 12/31/2013 4:46:36 AM +0000
To: BONETTO Mike * GOV [redacted] BONETTO STATE EMAIL
Subject: Congressional run
Attachments: image001.png

I have decided to run for Congress and will be announcing in the next couple of weeks. One of my concerns is that the governor and I might be treating the Cover Oregon issues in ways that put us in competition, not in concert. I don't know if having time to talk to the governor in person is even a possibility, but I would really like for us both to understand how the other is going to handle the top personnel question and the finger pointing inevitability. The board has been told a couple of time the "governors' office" doesn't want us to do one thing or another, but that has hung Cover Oregon board with things that we did not know or control.

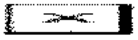
You had mentioned some people I should talk with about the campaign. I will be in Portland the week of January 6 and would like to see if I can meet with anyone you would suggest.

Aelea Christofferson

ATL RespOrg Services

[redacted]

See our blog at



Ask me about ...

Getting your LOAs signed and submitted with Electronic Signatures.

Ask how you can take advantage of this new timesaver today!



From: BONETTO Mike * GOV BONETTO STATE EMAIL
Sent: 1/24/2014 4:11:22 PM +0000
To: BONETTO PERSONAL EMAIL
Subject: FW: The Daily Dose: Thursday, Jan. 23
Attachments: B44CB06B-A5C7-4B11-A714-0CBECD4B2EE1.png

From: Aelea Christofferson
Sent: Friday, January 24, 2014 7:16 AM
To: BONETTO Mike * GOV
Subject: FW: The Daily Dose: Thursday, Jan. 23

I had e-mailed you a few weeks ago, but I am becoming steadily more concerned about how to handle the major things that were withheld from the board, but the board is now getting hung with. I realize the governor has a race in November, but so do I. I don't want us to be working against each other.

From: Zakrzewski, Misty
Sent: Thursday, January 23, 2014 10:31 AM
To: ophi.org; Aelea Christofferson; CALI Laura N; EDLUND Tina D;
Cc: Fauver Amy; Harms Kelly
Subject: The Daily Dose: Thursday, Jan. 23

What do you know? Please submit news articles, upcoming events and Happy Pill ideas to Misty Zakrzewski at mzakrzewski@coveroregon.com.

THE DAILY DOSE

Thursday, January 23, 2013

AROUND OREGON/COVER OREGON

Mail Tribune: Don't pull the plug yet. Excerpt: The website may not be working right, but Oregonians who have signed up for coverage on the paper system report they are finding policies that are saving them hundreds of dollars a month in premiums. Southern Oregon residents who shared their experiences in Tuesday's Mail Tribune acknowledge the backup system of filling out paper forms and waiting on hold for telephone assistance was frustrating. One called it a nightmare. But they were uniformly happy with the results, even ecstatic, when they found out how much they would save over their old policies.

Oregonian: Live chat Wednesday: Cover Oregon failure was predicted months before, but warnings unheeded. Excerpt: At 11:30a.m. on Wednesday, Jeff Manning and I will host a live chat concerning Sunday's newspaper article that relied on newly obtained documents showing how state information-technology oversight analysts foresaw the Cover Oregon health exchange debacle and tried to prevent it…Do you have questions about the exchange's IT problems, or the documents we relied on? Weigh in below now, and check back for the chat tomorrow. **(This was included in Jan. 22 Daily Dose, now updated with live chat comment thread at bottom)**

Oregonian: Jason Conger defends his votes for Oregon health exchange in Republican Senate forums. Excerpt: State Rep. Jason Conger of Bend was forced to defend his votes in favor of setting up the Cover Oregon website when the Oregon Republican Senate candidates met in separate forums Tuesday night and Wednesday morning in Bend…In both events, Callahan criticized Conger for voting to allow the state to set up its own health care exchange linked to the Cover Oregon website, which has had several well-publicized software problems preventing it from working properly.

AROUND THE NATION

POLITICO: Survey: Uninsured rate falls. Excerpt: The rate of uninsured Americans has dropped in the early stages of 2014, dipping in the less than one month since coverage from the Obamacare exchanges took effect. So far in January, 16.1 percent of Americans are uninsured, down from 17.3 percent in December before the exchange coverage began for those who signed up for Jan. 1 health insurance, according to a Gallup poll out Thursday. That's down from a high of 18.6 percent earlier in 2013 and the lowest registered rate since December 2012.

Washington Times: Sebelius urges mayors to back Medicaid expansion. Excerpt: President Obama's top health official urged the nation's mayors to take an active role in demanding their states expand Medicaid, calling out Texas, Florida and Georgia as states that put low-income residents at risk of losing out on any form of subsidized coverage. "I really do believe that mayors are on the forefront of health care delivery in America," Health and Human Services Secretary Kathleen Sebelius told the U.S. Conference of Mayors, holding their annual gather in Washington this week.

UPCOMING EVENTS

January 23: Community Partner training in Prineville/Crook County

January 24: Community Partner training in LaPine/Deschutes County

January 25: Russian Application Fair at Ambridge Event Center in Portland

January 26: Latino Application Fair in Hillsboro

January 29: Community Partner training in Corvallis

January 30: Community Partner training in Portland and McMinnville

January 31: Community Partner training in Lincoln City

February 5: Community Partner training in Portland

February 7: Consumer Advisory Committee meeting at Ambridge Event Center in Portland

AND YOUR HAPPY PILL FOR THE DAY IS…

19 things people swear they'll never do until they have kids


COVER
OREGON.

From: **Mark Wiener** [redacted]
Subject: RE: Aelea...
Date: March 9, 2014 at 8:23 PM
To: BONETTO PERSONAL EMAIL Fulcrum Looper LOOPER CONSULTANT EMAIL Tim Raphael RAPHAEL CONSULTANT EMAIL

BTW, Eric Jaye is a real guy, based out of San Francisco. He is doing Francesconi's race and did Wheelers races (which I assume was the hook-up).

-----Original Message-----
From: Mark Wiener [redacted]
Sent: Sunday, March 09, 2014 8:22 PM
To: BONETTO PERS Fulcrum Looper'; 'Tim Raphael'
Subject: RE: Aelea...

Yes I did. I was not overly encouraging about her overall prospects and she said she understood; she claims she has goals that fall short of victory. I did say that she should get off the Cover Oregon Board as that would just provide a double guarantee that she will be nothing but the Cover Oregon Lady. Apparently Wheeler was telling her that she should stay on and use that as the platform to fight from.

I did not make that up.

Mark

-----Original Message-----
From: BONETTO PERSONAL EMAIL
Sent: Sunday, March 09, 2014 8:14 PM
To: Mark Wiener; Fulcrum Looper; Tim Raphael
Subject: Aelea...

Just got off the phone with Aelea Christofferson..Cover Oregon board member. She's announcing her candidacy tomorrow for Walden's seat. I believe Mark had a conversation with her 1-2 weeks ago. She's hired Eric Jaye from Storefront Political Media as her campaign consultant. http://www.storefrontpolitical.com/team/eric-jaye

She just sent me the attached press release.scheduled to go out at 9:30am. She's also sending a resignation letter tomorrow to Liz Baxter, board chair.

--
Winning Mark
Website <http://www.winningmark.com> | Twitter<https://twitter.com/winning_mark> | Instagram <http://instagram.com/winningmark>

Message

From: [redacted]

Sent: 3/10/2014 3:57:23 AM

To: John Kitzhaber [redacted]

Subject: Re: Cover Oregon board member...

I'll make sure I'm there at 4:30….and will reach out to Looper, Wiener, Curtis and Tim now to see if they can be there in person or by phone.

No need to meet with Nkenge tomorrow…I'll handle that.

On Mar 9, 2014, at 8:47 PM, John Kitzhaber [redacted]gmail.com> wrote:

> Thanks. I want you and I, Looper, Wiener, Curtis and Tim to meet tomorrow
> at 4:30. I will be at the campaign office. If you can be there great.
> Otherwise by phone. I am very concerned that we do not have our ship in
> order going into battle. We are running out of time. Need a very candid
> conversation. We have almost no margin left to be reacting to this, to the
> NYT reporter, to the pending AP story on other IT problems in the
> administration. Let alone the First Data report. Happy to talk to Nkenge
> with you tomorrow. But want to limit the afternoon meeting to those
> mentioned above.
>
>
>
> On 3/9/14, 8:29 PM, [redacted] wrote:
>
>> Governor -
>> Just got off the phone with Aelea ChristoffersonŠ.a Cover Oregon board
>> member. She's announcing her candidacy tomorrow for Walden's seat. I
>> believe Wiener had a conversation with her 1-2 weeks ago. She's hired
>> Eric Jaye from Storefront Political Media as her campaign consultant.
>>
>> http://www.storefrontpolitical.com/team/eric-jaye
>>
>> She just sent me the attached press releaseŠscheduled to go out at
>> 9:30am. She's also sending a resignation letter tomorrow to Liz.
>>
>> I've already sent this to Tim, Kevin and MarkŠand have a scheduled call
>> with them at 7amŠ.and have already talked to Nkenge about thisŠand she
>> has a scheduled Cover Oregon call at 7:45 and will finalize responses to
>> media.
>>
>>
>>>
>>
>
>

Message

From: BONETTO GMAIL
Sent: 3/10/2014 4:06:15 AM
To: TimS360 Raphael RAPHAEL PERSONAL; Curtis Robinhold [redacted]; Fulcrum Looper LOOPER CONSULTANT EMAIL; Mark Wiene [redacted]
Subject: Tomorrow at 4:30

Governor would like to meet at 4:30 tomorrow at campaign office. He's quite concerned that we do not have our ship in order based on much of your recent feedback and would like a very candid conversation. For those who can't make it in person...call-in info below.
MB

[redacted]

REEVES Liani * GOV

From: KING Rocky [redacted]
Sent: Friday, November 29, 2013 11:00 AM
To: GOLDBERG Bruce
Cc: BONETTO Mike * GOV
Subject: Re: on the phone - confidential medical info

Thanks Bruce.

I sent you a text earlier not realizing you had internet on the plane and were still on the plane! I just got off the phone with Mike and we thought a three way discussion is needed.

I will try and summarize where I am after the visit with Dr [redacted] These are my words based on the meeting with him:

[redacted]

As for work, four options:

1. Go on as is – I'm not earning my pay and not sure I wouldn't be more of a block and distraction my staying.
2. Resign – plain and simple.
3. Request 3 month medical leave, although would not come back but it would allow me time to use my sick leave and benefits as I searched out additional medical options)

4. Let the board dismiss me (does give credibility to them for taking action).

If I requested medical leave then the question is could you step in for a month or so while the board did a search. Is there someone else?

If the three of us can agree on a plan, then I will call Liz. Recommendation would be to cancel the board meeting on Monday to give time for off line discussion with Board members as to next steps. The meeting is just going to center on manual process plan and performance review anyway, which won't be a positive meeting for anyone.

Sorry for all this -- I appreciate the both of you and the support you've provided to date.

I'll call in at 11:30 per Mike's email.

R

Rocky King | Executive Director | **Cover Oregon** | [redacted]

From: Bruce Goldberg <GOLDBERG STATE EMAIL>
Date: Friday, November 29, 2013 at 10:25 AM
To: King Rocky [redacted]
Cc: Bruce Goldberg [redacted] Mike Bonetto <BONETTO STATE EMAIL>
Subject: Re: on the phone

sure.
still in the air right now....on the ground a little after 11 and then have window in between connections.
Could try for 1130. If not, will hopefully be on the ground in portland about 245.
let me know.
b

Bruce Goldberg, MD
Director, Oregon Health Authority
[redacted]

On Nov 29, 2013, at 1:20 PM, "King Rocky" [redacted] wrote:

> When you get a chance after landing, how about you, Mike and I get the phone?

REEVES Liani * GOV

From: BONETTO Mike * GOV [BONETTO STATE EMAIL]
Sent: Friday, November 29, 2013 10:45:10 AM
To: KING Rocky; GOLDBERG Bruce
Subject: Re: on the phone

Ok...let's try for 11:30....can use my call-in number [redacted] Participant Code [redacted] Mike to host [redacted]

Sent from my iPhone

On Nov 29, 2013, at 10:44 AM, "GOLDBERG Bruce" [GOLDBERG STATE EMAIL] wrote:

> Up to the two of you....about to lose email until a little after 11.
>
> Bruce Goldberg, MD
> Director, Oregon Health Authority
> [redacted]
>
> On Nov 29, 2013, at 1:42 PM, "BONETTO Mike * GOV" [BONETTO STATE EMAIL] wrote:
>
> > Thx Bruce...I'll try to make whatever work.
> >
> > Sent from my iPhone
> >
> > On Nov 29, 2013, at 10:25 AM, "GOLDBERG Bruce" [GOLDBERG STATE EMAIL] wrote:
> >
> > > sure.
> > > still in the air right now....on the ground a little after 11 and then have window in between connections.
> > > Could try for 1130. If not, will hopefully be on the ground in portland about 245.
> > > let me know.
> > > b
> > >
> > > Bruce Goldberg, MD
> > > Director, Oregon Health Authority
> > > [redacted]
> > >
> > > On Nov 29, 2013, at 1:20 PM, "King Rocky" [redacted] wrote:
> > >
> > > > When you get a chance after landing, how about you, Mike and I get the phone?

R

Rocky King | Executive Director | **Cover Oregon** [redacted]

REEVES Liani * GOV

From: BONETTO Mike * [BONETTO STATE EMAIL]
Sent: Friday, November 29, 2013 10:43 AM
To: GOLDBERG Bruce; KING Rocky
Subject: Re: on the phone

Thx Bruce...I'll try to make whatever work.

Sent from my iPhone

On Nov 29, 2013, at 10:25 AM, "GOLDBERG Bruce" <[GOLDBERG STATE EMAIL] wrote:

> sure.
> still in the air right now....on the ground a little after 11 and then have window in between connections.
> Could try for 1130. If not, will hopefully be on the ground in portland about 245.
> let me know.
> b
>
> Bruce Goldberg, MD
> Director, Oregon Health Authority
> [redacted]
>
> On Nov 29, 2013, at 1:20 PM, "King Rocky" [redacted] wrote:
>
> > When you get a chance after landing, how about you, Mike and I get the phone?
> >
> > R
> >
> > **Rocky King** | Executive Director | **Cover Oregon** [redacted]

Message

From: Mike Bonetto [BONETTO PERSONAL EMAIL]
Sent: 11/24/2013 6:53:43 AM
To: Bruce Goldberg [GOLDBERG PERSONAL EMAIL]
Subject: transition items...

I wanted to run a few things by you...

1) I'm trying to secure a senior staff retreat from 9-12 on tues 12/17...and would obviously great if you could be there. Looking to nail down some specifics around strategic plan for gov's office....will have Diana facilitate.

2) Am also looking at when we should make your announcement. Was thinking that thurs 12/12 could work??...would give us time to let our respective key exec teams know earlier in the week. Not sure if we want to discuss this with our own team of 5...but I'm certainly open.

3) Am working on getting a mtg with gov and tina within the next several weeks.

Message

From: Mike Bonetto [BONETTO PERSONAL EMAIL]
Sent: 9/18/2013 3:17:48 AM
To: Tina Edlund [EDLUND PERSONAL EMAIL]; [WENTZ PERSONAL EMAIL] Bruce Goldberg [GOLDBERG PERSONAL EMAIL]; Sean Kolmer [KOLMER PERSONAL EMAIL]
Subject: Mtg with Gov...

I had chance to connect with Patty and Bruce briefly after my mtg with the Gov this afternoon.

Overall, Gov was very supportive of our transition plan...really liked the idea of keeping our team intact...and acknowledged that we have one hell of a team. He thought the idea of SK going over to OHA made good sense prior to ACA launch. And was also very supportive of having Bruce move to Gov's Office and Tina into Director's position. So...I saw that as a clear green light to move ahead with our plans.

On my front...my sense is that there won't be any decisions on the COS position for at least 4-6 weeks. Good discussion with him around expectations and future....and will keep you posted if I hear anything else.
Best,
MB

Message

From: Mike Bonetto [BONETTO PERSONAL EMAIL]
Sent: 4/2/2014 4:22:59 PM
To: Tim Raphael [RAPHAEL PERSONAL EMAIL]; [LOOPER CONSULTANT EMAIL]; Mark Wiener [redacted]; Patricia McCaig [redacted]; Nkenge [HARMON JOHNSON CONSULTANT EMAIL]; Dmitri P [PALMATEER PERSONAL EMAIL]
Subject: materials from alex
Attachments: adv group Draft Charter.doc; task chart.pptx

still working on confirming alex's participating at 5:30

DRAFT CHARTER
COVER OREGON TECHNOLOGY ADVISORY GROUP
MARCH 2014

1. Background/Overview

In order to meet its mission and business goals, Cover Oregon requires a functional and effective IT platform that provides for enrollment, change of circumstances, re-enrollment and performance of internal business activities. Success will require that the platform meets the needs of business partners and consumers. Creation of a Technology Advisory Group (TAG) will allow an organized mechanism for Cover Oregon to seek advice and guidance from an array of industry experts and assure effective two way communication with business partners on the technology build.

2. Purpose

The purpose of the TAG is to provide Cover Oregon management with advice and guidance from an array of industry experts on the development and operation of its IT platform and assure effective two way communication with business partners on the technology build.

3. Authority

The TAG is authorized by the Executive Director of Cover Oregon. It will provide advice and guidance to the Executive Director and the CIO. The Cover Oregon management team has the responsibility for planning, prioritization, successful implementation and operation of its IT system.

4. Membership

The TAG will be made up of a variety of experts with IT, health plan and health system management and operations experience chosen by the Cover Oregon ED.

5. Scope and Operation

As outlined in the purpose, the scope the TAG is to provide Cover Oregon management with advice and guidance from an array of industry experts on the development and operation of its IT platform and assure effective two way communication with business partners on the technology build. The Cover Oregon CIO will develop agendas and manage the meetings.

MBG2001375

Task	Due Date	Responsible
1. Approval for sole source contract	4/4/14	
2. Establish and charter Advisory group	4/7/14	
3. Establish project governance and management structure	4/7/14	
4. Define & prioritize all functional & Non-functional requirements	4/7/14	
5. Define gate/go no go criteria	4/15/14	
6. Define requirement traceability	4/15/14	
7. Negotiate and execute deliverable based contract	4/30/14	
8. Establish, staff and run strong PMO	5/7/14	SI
9. Map requirements and defects to releases	5/15/14	SI
10. Define extensive usability testing	5/15/14	SI
11. Define and enforce project management controls		SI
12. Define and track project schedule and progress		SI

COVER OREGON

Message

From: Mike Bonetto [BONETTO PERSONAL EMAIL]
Sent: 4/23/2014 11:45:23 PM
To: Patricia McCaig [redacted]; Tim Raphael [RAPHAEL PERSONAL EMAIL]
Subject: Fwd: Follow up: weekly planning
Attachments: Final Tech Meeting April 24 2014 Draft F.pptx; HTML Attachment.html

Sent from my iPhone

Begin forwarded message:

From: "Pettit, Alex" <[redacted]
Date: April 23, 2014 at 4:12:04 PM PDT
To: BONETTO Mike * GOV [BONETTO STATE EMAIL], PETTIT Alex [redacted], "Goldberg, Bruce" [GOLDBERG COVER OREGON EMAIL], GOLDBERG Bruce [GOLDBERG STATE EMAIL], "Hamstreet, C" [redacted], PALMATEER Dmitri * GOV [PALMATEER PERSONAL EMAIL], ROTH Grace * GOV, HARMONJOHNSON Nkenge [HARMON JOHNSON STATE EMAIL], WENTZ Patty [WENTZ STATE EMAIL], KOLMER Sean P * [KOLMER STATE EMAIL]
Cc: ACREE Amy * [redacted], SOTO Janet * [redacted], "Million, Kathy" [redacted]
Subject: Re: Follow up: weekly planning

Version F

On 4/23/14 2:43 PM, "BONETTO Mike * GOV" [BONETTO STATE EMAIL] wrote:

Some edits for discussion at 3:00
thx

From: Pettit, Alex [redacted]
Sent: Tuesday, April 22, 2014 6:59 PM
To: BONETTO Mike * GOV; PETTIT Alex * CIO; Goldberg, Bruce; GOLDBERG Bruce; Hamstreet, C; PALMATEER Dmitri * GOV; ROTH Grace * GOV; HARMON JOHNSON Nkenge * GOV; WENTZ Patty; KOLMER Sean P * GOV
Cc: ACREE Amy * CIO; SOTO Janet * GOV; Million, Kathy
Subject: Re: Follow up: weekly planning

Version 5 is attached.

From: BONETTO Mike * GOV
[BONETTO STATE EMAIL]
Date: Tuesday, April 22, 2014 3:58 PM
To: PETTIT Alex * CIO

[redacted] Alex Pettit
[redacted] "Goldberg,
Bruce" [redacted] GOLDBERG COVER OREGON EMAIL [redacted],
GOLDBERG Bruce
[redacted] GOLDBERG STATE EMAIL [redacted] Clyde
Hamstreet [redacted]>>,
PALMATEER Dmitri * GOV
[redacted] PALMATEER STATE EMAIL [redacted] ROTH
Grace * GOV [redacted],
HARMONJOHNSON Nkenge
[redacted] HARMON JOHNSON STATE EMAIL [redacted]
, WENTZ Patty [redacted] WENTZ STATE EMAIL [redacted]
KOLMER Sean P * GOV
[redacted] KOLMER STATE EMAIL [redacted]
Cc: ACREE Amy * CIO
[redacted] OTO Janet * GOV
[redacted] Million, Kathy"
[redacted]
Subject: RE: Follow up: weekly planning

Thx AlexŠhere are some newer edits for 4:00 discussion

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

Forgot the attachment.

From: BONETTO Mike * GOV
[redacted]
Date: Tuesday, April 22, 2014 1:21 PM
To: PETTIT Alex * CIO
GOLDBERG COVER OREGON EMAIL, CLYDE HAMSTREET, ALEX PETIT, GOLDBERG STATE EMAIL, PALMATEER STATE EMAIL, ROTH GRACE, HARMON JOHNSON STATE EMAIL, KOLMER STATE EMAIL
[redacted]

[redacted], PALMATEER Dmitri * GOV
[redacted]ROTH Grace * GOV [redacted]
BONETTO Mike * GOV
[redacted]HARMON JOHNSON Nkenge * GOV
[redacted]
, WENTZ Patty [redacted]
KOLMER Sean P * GOV
[redacted]
Cc: ACREE Amy * CIO
[redacted]TO Janet * GOV
[redacted]

Subject: Follow up: weekly planning

TECHNOLOGY RECOMMENDATION

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

APRIL 24, 2014

Meeting Agenda: 4/24/2014

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

OBJECTIVES

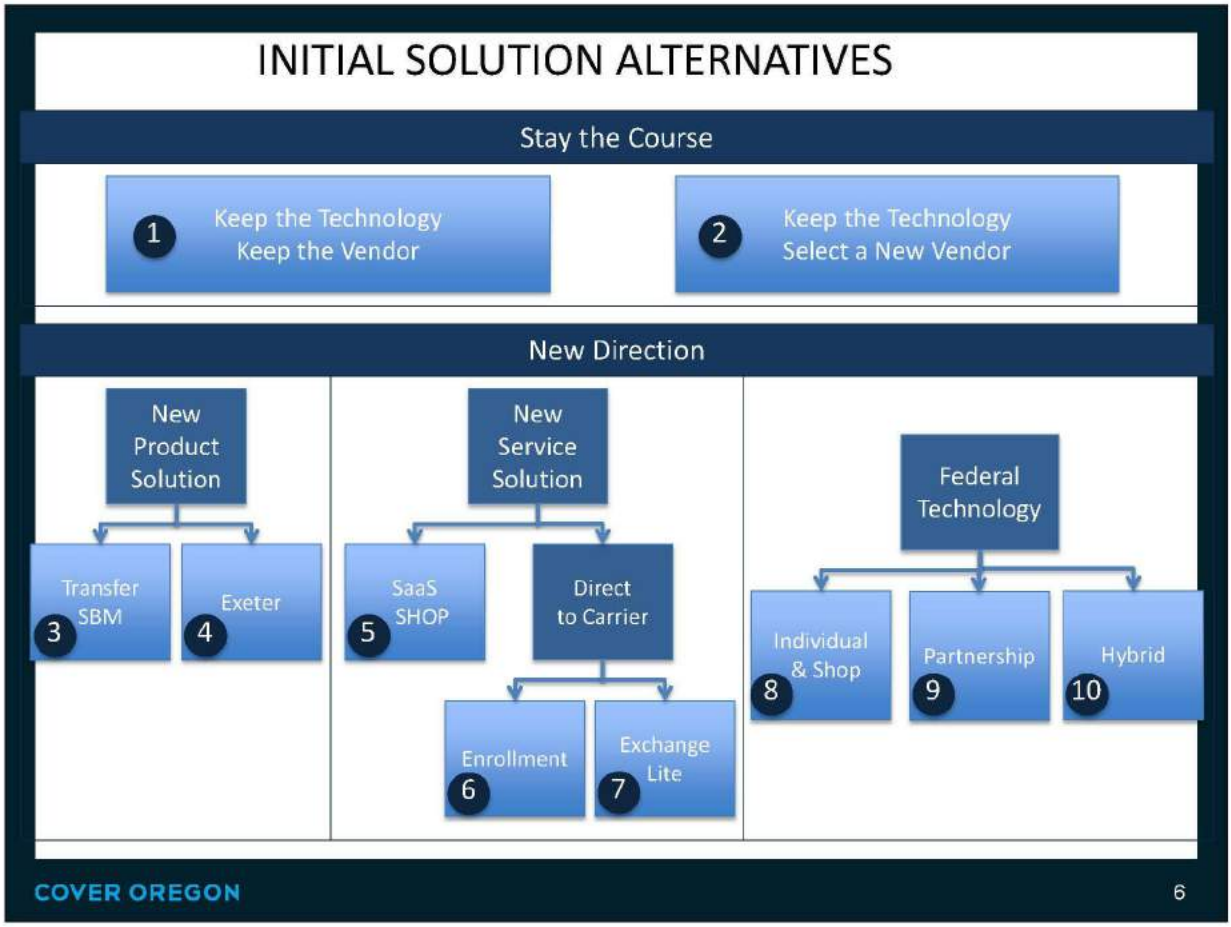
- Recommend to the Board of Directors the best technology option for enrollment, renewal, and change of circumstance to support the 2015 open enrollment beginning 11/15/2014
- Document recommendation with a final report
- Assumptions: Enrollment, renewal, and change of circumstance for individuals is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

RECOMMENDATION GUIDELINES

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

RECAP OF PROGRESS

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


INITIAL SOLUTION ALTERNATIVES
Stay the Course
1
Keep the Technology
Keep the Vendor
2
Keep the Technology
Select a New Vendor
New Direction
New
Product
Solution
Transfer
SBM
3
Exeter
4
New
Service
Solution
SaaS
SHOP
5
Direct
to Carrier
Enrollment
6
Exchange
Lite
7
Federal
Technology
Individual
& Shop
8
Partnership
9
Hybrid
10
COVER OREGON
6

NARROWED FROM 10 TO 3 FOR FURTHER REVIEW

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

STATE SYSTEM TRANSFER KEY FINDINGS

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

STATE SYSTEM TRANSFER OPTION ELIMINATED

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

OUR PRELIMINARY RECOMMENDATION: DUAL APPROACH

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

FIX CURRENT TECHNOLOGY/ NEW VENDOR

KEY FINDINGS

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

FIX TECH/NEW VENDOR MILESTONES

1. Product roadmap focus on ACA requirements (4/4/2014)
2. Sole source procurement approved (4/4/2014)
3. Function gap completed and reasonable (4/11/2014)
4. CO governance structure built & operational (4/11/2014)
5. CO program management in place (4/30/2014)
6. CO attrition is managed (4/30/2014)
7. System Integrator contract is complete (4/30/2014)
8. 2015 Open Enrollment functionality requirements complete (5/30/2014)
9. 2015 Open Enrollment functional design complete (5/30/2014)
10. 2015 Open Enrollment technical design complete (5/30/2014)
11. 2015 Open Enrollment development on-track (6/15/2014)
12. Final go/no-go decision (6/30/2014)

DELOITTE ASSESSMENT

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

FIX CURRENT TECHNOLOGY/NEW VENDOR REVIEW

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

UTILIZE FEDERAL TECHNOLOGY

KEY FINDINGS

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

MBG2000296

DELOITTE ASSESSMENT

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

Medicaid eligibility determination

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

Cost Estimate to Transfer Medicaid Eligibility to OHA

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

POTENTIAL STATE EXCHANGE UTILIZING FEDERAL TECHNOLOGY

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

UTILIZE FEDERAL TECHNOLOGY REVIEW

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

OBJECTIVES/RECOMMENDATION

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

- Milestones to fix current technology were not met
- We received more information on utilizing the Federal Technology

Based upon Risk, Schedule, and Cost, we recommend moving forward with the Federal Exchange for QHP and leverage our current investment to support Medicaid in OHA

COVER OREGON


COVER
OREGON

From: Hutchings Laura <[redacted]coveroregon.com>
Sent: 3/25/2014 4:10:42 PM +0000
To: "Kenagy, John J :CO SrVP Chief Information Officer" [redacted]aaron.x.patnode[redacted] liz[redacted] sue.hansen[redacted] vanpeltgreg[redacted] "Peacock, Bev : CO Admin"[redacted] john.cimral[redacted] ACREE Amy * CIO [redacted]state.or.us>; jburpo[redacted] "Brown, George J. :President & CEO"[redacted] bruce.wilkinson[redacted] chris.blanton[redacted] robin.richardson[redacted]erick.doolen[redacted] mlane[redacted] "McKivor, Tom" <tmckivor[redacted] PETTIT Alex * CIO <[redacted]state.or.us>; "Cvetko, John" <jcvetko[redacted]; delaRosa Triz <tdelarosa[redacted]; GAMBLE Galen * GOV <Galen.GAMBLE[redacted]; "Goldberg, Bruce" <bgoldberg[redacted]; KARJALA Aaron <akarjala[redacted]; BORDEN Richelle <Richelle.BORDEN[redacted]; KOLMER Sean P * GOV <Sean.P.KOLMER[redacted] EDLUND Tina D <Tina.D.EDLUND[redacted] "Whitney, Joli" <jwhitney[redacted]
Subject: RE: TIME CORRECTION: Cover Oregon: Confirmed - 3/27 Tech Review Committe Meeting at 8am

Thank you, John. I was not aware but am making the necessary changes to the invitee list.

Best,
~ Laura

Laura Hutchings| Executive Assistant | Cover Oregon [redacted]

From: Kenagy, John J :CO SrVP Chief Information Officer[redacted]
Sent: Monday, March 24, 2014 11:55 PM
To: Hutchings Laura; aaron.x.patnode[redacted] liz[redacted] sue.hansen[redacted] vanpeltgreg[redacted] Peacock, Bev : CO Admin; john.cimral[redacted] ACREE Amy * CIO; jburpo[redacted] Brown, George J. :President & CEO; bruce.wilkinson[redacted] chris.blanton[redacted] robin.richardson[redacted] erick.doolen[redacted] mlane[redacted] McKivor, Tom; PETTIT Alex * CIO; Cvetko, John; delaRosa Triz; GAMBLE Galen * GOV; Goldberg, Bruce; Karjala Aaron; BORDEN Richelle; KOLMER Sean P * GOV; EDLUND Tina D; Whitney, Joli
Subject: RE: TIME CORRECTION: Cover Oregon: Confirmed - 3/27 Tech Review Committe Meeting at 8am

Thanks, Laura, for the coordination work.

At the end of the last session, several of us had an impromptu conversation with Bruce and Liz

and recommended that the final session attendance be limited to Bruce, the Cover Oregon Board Members, and the external advisors (Greg Van Pelt, Aaron Patnode, Alex Pettit, and the industry CIOs). We would excuse the Cover Oregon staff, Point B, and Maximus. That is not reflected in the invitation so I want to confirm what the plans are.

Whatever the decision, I would appreciate receiving the recommendation summary that John plans to compile for us.

John Jay Kenagy, PhD [redacted]

From: Hutchings Laura [redacted]
Sent: Sunday, March 23, 2014 1:59 PM
To: aaron.x.patnode[redacted]sue.hansen[redacted] vanpeltgreg[redacted] Peacock, Bev : CO Admin; john.cimral[redacted] ACREE Amy * CIO; jburpo[redacted] Brown, George J. :President & CEO; bruce.wilkinson[redacted] chris.blanton[redacted] robin.richardson[redacted] Kenagy, John J :CO SrVP Chief Information Officer; erick.doolen[redacted] mlane[redacted] McKivor, Tom; jjennings[redacted] PETTIT Alex * CIO; Cvetko, John; delaRosa Triz; GAMBLE Galen * GOV; Goldberg, Bruce; Karjala Aaron; BORDEN Richelle; KOLMER Sean P * GOV; EDLUND Tina D; Whitney, Joli
Subject: TIME CORRECTION: Cover Oregon: Confirmed - 3/27 Tech Review Committe Meeting at 8am
Importance: High

Thursday's meeting is **8:00** to 10:30...calendar invitation also updated. ~ Laura

Laura Hutchings| Executive Assistant | Cover Oregon [redacted]

From: Hutchings Laura
Sent: Sunday, March 23, 2014 1:33 PM
[redacted]

Whitney, Joli
Subject: Cover Oregon: Confirmed - 3/27 Tech Review Committe Meeting at 9am

(calendar invitation send separately)

All:

This is to confirm a meeting of the Technology Review Committee this Thursday, March 27, **8:00 to 10:30** ~~9:00 to 11:30am~~ in our Durham offices. Same meeting room (Gallon House), right off of our 2nd floor lobby. Directions are attached. Our main office number is [redacted] should you need additional assistance and I am not at my desk. I will forward any related materials as they are made available.

[redacted]

Best,
~ Laura

Laura Hutchings| Executive Assistant | Cover Oregon [redacted]

From: "Goldberg, Bruce" [redacted]
Sent: 3/25/2014 1:13:11 PM +0000
To: [redacted]
Subject: Re: TIME CORRECTION: Cover Oregon: Confirmed - 3/27 Tech Review Committe Meeting at 8am

Hi John
Attendees will be as you indicated – board, advisors, industry
b

From: <Kenagy>, "John J :CO SrVP Chief Information Officer" [redacted]
Date: Monday, March 24, 2014 11:55 PM

[redacted]

Subject: RE: TIME CORRECTION: Cover Oregon: Confirmed - 3/27 Tech Review Committe Meeting at 8am

Thanks, Laura, for the coordination work.

At the end of the last session, several of us had an impromptu conversation with Bruce and Liz and recommended that the final session attendance be limited to Bruce, the Cover Oregon Board Members, and the external advisors (Greg Van Pelt, Aaron Patnode, Alex Pettit, and the industry CIOs). We would excuse the Cover Oregon staff, Point B, and Maximus. That is not reflected in the invitation so I want to confirm what the plans are.

Whatever the decision, I would appreciate receiving the recommendation summary that John plans to compile for us.

John Jay Kenagy, PhD [redacted]

From: Hutchings Laura [redacted]
Sent: Sunday, March 23, 2014 1:59 PM
[redacted]
Subject: TIME CORRECTION: Cover Oregon: Confirmed - 3/27 Tech Review Committe Meeting at 8am
Importance: High

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Sent: Sunday, March 23, 2014 1:33 PM
[redacted]
Subject: Cover Oregon: Confirmed - 3/27 Tech Review Committe Meeting at 9am

(calendar invitation send separately)

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Should you need to participate by phone:

[redacted]

From: "Kenagy, John J :CO SrVP Chief Information Officer"
[redacted]

Sent: 3/25/2014 6:55:39 AM +0000

To: [redacted]

Subject: RE: TIME CORRECTION: Cover Oregon: Confirmed - 3/27 Tech Review Committe Meeting at 8am

Thanks, Laura, for the coordination work.

At the end of the last session, several of us had an impromptu conversation with Bruce and Liz and recommended that the final session attendance be limited to Bruce, the Cover Oregon Board Members, and the external advisors (Greg Van Pelt, Aaron Patnode, Alex Pettit, and the industry CIOs). We would excuse the Cover Oregon staff, Point B, and Maximus. That is not reflected in the invitation so I want to confirm what the plans are.

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John Jay Kenagy, PhD [redacted]

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Sent: Sunday, March 23, 2014 1:59 PM
[redacted]

[redacted]

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[redacted]
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[redacted]

Best,
~ Laura

Laura Hutchings| Executive Assistant | Cover Oregon [redacted]

From: GOLDBERG Bruce[GOLDBERG STATE EMAIL]
Sent: 3/11/2014 3:04:18 AM +0000
To: BONETTO Mike * GOV[BONETTO STATE EMAIL]
CC: GOLDBERG Bruce[redacted]
Subject: Re: Internal Advisory

No chair
4 meetings over next two weeks
Being facilitated by Point B who are supplying a facilitator and an IT content expert who I have a lot of confidence in.
B

Bruce Goldberg, MD
Director, Oregon Health Authority

On Mar 10, 2014, at 7:57 PM, "BONETTO Mike * GOV"[BONETTO STATE EMAIL]wrote:

> Bruce –
> Is there a chair for this group??
>
> **From:** GOLDBERG Bruce[GOLDBERG STATE EMAIL]
> **Sent:** Thursday, March 06, 2014 11:55 AM
> **To:** John Kitzhaber[redacted]
> **Cc:** MURDOCK Jan * GOV; BONETTO Mike * GOV; KOLMER Sean P * GOV
> **Subject:** Internal Advisory
>
> Wanted to update you on work plan re future Cover Oregon technology.
>
> Given the difficulties we have had and the fact that the next open enrollment is November 2014 (8 months!) we need to rapidly look at potential alternatives.
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> Delloitte has outlined and analyzed a number of potential alternatives for us. These include among others staying with current technology but with different developer, using another state's technology and using federal technology.
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Robin Richardson, MODA
A Kaiser rep to be determined
Chris Blanton from Bridgespan/Regence and their CIO
Alex Pettit, new state CIO
Tina Edlund, OHA

Meetings will be 9-11:30 Tues and Thursday March 11, 13, 18 and 20.

You had indicated wanting to participate. Would also suggest that I send you all materials the group will be reviewing, that Sean could attend, and that he and I could brief you once a week.
Let me know your preference.

Regardless, I think it would be beneficial for all of us to get together next week to discuss potential scenarios so I can be sure I know any preferences you may have.

bruce

From: BONETTO Mike * GOV [BONETTO STATE EMAIL]
Sent: 3/11/2014 2:57:02 AM +0000
To: GOLDBERG Bruce [GOLDBERG STATE EMAIL]
Subject: RE: Internal Advisory

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Subject: Internal Advisory

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bruce

Message

From: Mike Bonetto [BONETTO PERSONAL EMAIL]
Sent: 3/7/2014 4:58:40 PM
To: Tim Raphael [RAPHAEL CONSULTANT EMAIL]
Subject: Technology Team...

Below is a summary from Bruce on tech team. He is scheduled to meet with Gov and me next Wed at 1:00 to review and approve the list and process.

==========

Delloitte has outlined and analyzed a number of potential alternatives for us. These include among others staying with current technology but with different developer, using another state's technology and using federal technology.

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Message

From: Mike Bonetto [BONETTO PERSONAL EMAIL]
Sent: 3/11/2014 2:56:42 AM
To: Tim Raphae [RAPHAEL CONSULTANT EMAIL]
Subject: Re: Technology Team...

I'll check...do we have a preference??

Sent from my iPhone

On Mar 10, 2014, at 7:31 PM, Tim Raphael [redacted] wrote:
who chairs this group?

From: Mike Bonetto [redacted]
Sent: Friday, March 07, 2014 8:58 AM
To: Tim Raphael
Subject: Technology Team...
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From: **Tim Raphael** [RAPHAEL CONSULTANT EMAIL]
Subject: RE: Technology Team...
Date: March 10, 2014 at 7:57 PM
To: Mike Bonetto [BONETTO PERSONAL EMAIL]

above my pay grade...external with some gray hair would be good

---

From: Mike Bonetto [BONETTO PERSONAL EMAIL]
Sent: Monday, March 10, 2014 7:56 PM
To: Tim Raphael
Subject: Re: Technology Team...

I'll check...do we have a preference??

Sent from my iPhone

On Mar 10, 2014, at 7:31 PM, Tim Raphael [RAPHAEL CONSULTANT EMAIL] wrote:

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>
> ---
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From: TimS360 [RAPHAEL PERSONAL EMAIL]
Subject: Re: First Data response
Date: March 6, 2014 at 10:31 PM
To: Dmitri Palmateer [PALMATEER PERSONAL EMAIL]

love it. thx
On Mar 6, 2014, at 10:26 PM, Dmitri P [redacted]yahoo.com> wrote:

> A couple of questions/ suggestions:
>
> 1). He became aware of the magnitude of the problems in late October. But I think we need a line or two that says he was aware there were problems months in advance, and he had been directing his staff to work with legislative leadership and CO leadership to address those problems including but not solely focused on tech challenges, but it wasn't until late October that there was an admission from then CO leadership that these tech problems were insurmountable.
>
> 2) oracle. How do we make it through this without suggesting that we might pursue a lawsuit? This is the period when we will have the best chance to change the narrative. It might be too early but we should push that as hard as possible. What about as an action step: "I am forwarding the first data report as well as additional internal documentation to the attorney general and outside counsel to review our possible legal options and am asking for a recommendation from them by May 1st as to whether the state should initiate a lawsuit against Oracle.
>
> Sent from my iPad
>
> > On Mar 6, 2014, at 7:58 PM, TimS360 [RAPHAEL PERSONAL EMAIL] wrote:
> >
> > > Attached is a ROUGH draft proposed response to the First Data report (w/o the benefit of the actual findings)…
> > <firstdataresponse.docx>
> > > one idea you'll see…he could ask for letters of resignation for all senior management at Cover Oregon and OHA effective May 1, with a plan to meet with each of them and determine who stays…
> > >
> > > Tim

To: John Kitzhaber [redacted]
From: Cylvia Hayes
Sent: 2014-03-17T03:51:09Z
Subject: Re: NEXT WEEK
Received: 2014-03-17T02:51:25Z

Hey Darlin',

A few thoughts. One, I thought we were going to fire Bruce (I think, unfortunately, that has to happen). Two, I think it might be helpful to really point out how many people now have insurance who didn't before and how many of us self-employed are saving significant money because of the exchange (the small business angle). Three, I think your tone in this press conference is critical. You must deliver your sense of being accountable without looking weak or defensive or angry. People are as distrustful of big business as they are of government and Oracle is big business. You were mislead by big-monied interests just like so many of us are — just a thought.

Finally, I so appreciate how hard you work on behalf of Oregon and all of us lucky enough to live here. Thank you for taking on this mission and heavy load. You are truly a national leader in the critically important effort to transform our health care system and that will be your legacy and our state, national, and humanitarian benefit in the end. This will pass and become a positive on your record in the not-too-distant future.

If it turns out you cannot go tomorrow I completely understand though I will be miss you terribly. If it turns out you cannot go and really want me to be here with you as support I will cancel TED and stay with you without hesitation. You, and Oregon, are my priority.

I love you very much,
Cylvia

Cylvia Hayes
CEO, 3EStrategies
[redacted]

From: John Kitzhaber [redacted]
Date: Sunday, March 16, 2014 6:11 PM
To: Cylvia Hayes [redacted]
Subject: NEXT WEEK

Hey Babe

Still not sure if I am going to be able to go tomorrow. Still planning not it. Lots of incoming here.

Thanks so much for being on the call. I am sending you a new draft of the Thursday comments. You will see where I think we need new/accurate information and some *strategic questions.* I will try to do a similar work over of the questions and need to get it out over the next 24 hours for sure. I also need to rework and add additional questions/responses to the Q&A which I have attached for you.

Loving You so much.

JK

To: John Kitzhaber [redacted]
From: Tim Raphael
Sent: 2014-01-21T03:24:17Z
Subject: Re: New Oregonian editorial is up
Received: 2014-01-21T03:24:18Z

Patricia and I talked earlier, and I think she has now connected with you. We are in the same place....I don't think it is time to remove people...getting rid of Bruce does not help fix the website...we need the website or an alternative with a specific date for action...at that date, depending on where things stand, it may be time for more leadership changes...

As soon as you can go public with a web deadline, you should engage publicly to outline your approach.

- Your focus remains on getting Oregonians the coverage they need and deserve.
- the architects of failed website are gone.
- Oracle is on notice.
- Plan B not without risk, but it allows us to move forward (not sure what that is)
- you have management team in place (including tech experts) and you are getting daily progress briefings
- also form leg advisory committee
- encouraged that we continue to improve enrollment numbers
- you will hold weekly media briefings

More later

Tim Raphael
[redacted]

On Jan 20, 2014, at 5:10 PM, John Kitzhaber [redacted] wrote:

> I would value your thoughts.
>
> JK

From: Nkenge Harmon [redacted] HARMON JOHNSON CONSULTANT EMAIL
Reply-To: Nkenge Harmon [redacted]
Date: Monday, January 20, 2014 at 4:54 PM
To: John Kitzhaber [redacted] BONETTO PERSONAL EMAIL [redacted] Dmitri Palmateer [redacted] PALMATEER PERSONAL EMAIL, [redacted] RAPHAEL PERSONAL EMAIL
Subject: New Oregonian editorial is up

The below aggressive editorial was posted today at 3:30 pm.

Cover Oregon mess requires stronger response: Editorial

Cover Oregon board member Bruce Goldberg, above, assumed control of the troubled exchange after the departure of Executive Director Rocky King. *(Michael Lloyd/The Oregonian)*

The Oregonian Editorial Board By **The Oregonian Editorial Board**

Follow on Twitter

on January 20, 2014 at 3:18 PM, updated January 20, 2014 at 3:37 PM

Credibility has been a critical element of Gov. John Kitzhaber?s third-term narrative. Before trying to sell habitually skeptical Oregonians on tax reform and other eat-your-spinach proposals, the thinking goes, it?s necessary to foster trust through the determined exercise of responsible governance.

Kitzhaber made a large deposit in the credibility bank last year **with his leadership on public pension reform**, but he?s

watched much of that advantage melt away over the past few months thanks to the Cover Oregon fiasco, which raises questions not only about those with more direct involvement, but also about the governor himself.

When Cover Oregon fizzled spectacularly on its anticipated launch date, a lot of people were surprised ? including, believe it or not, Kitzhaber, who acknowledged **during a recent meeting with The Oregonian?s editorial board** that he was out of the loop. Thanks to his work on the Oregon Health Plan and, between his second and third terms, with the Archimedes Movement, Kitzhaber has become practically synonymous with health care reform. Yet he was caught off guard by the failure of the state?s ambitious and hugely expensive health insurance exchange?

The governor?s Cover Oregon bubble would be less noteworthy if the exchange had been crippled by a problem nobody saw coming. But that?s not so. Plenty of people knew about Cover Oregon?s problems, **as reported Sunday by The Oregonian?s Nick Budnick and Jeff Manning**, and the warnings long preceded last year?s ill-fated launch attempt. Among those who raised the alarm were technology experts from the state Department of Administrative Services and the Legislative Fiscal Office. Also issuing repeated warnings was Maximus, a Virginia company hired to exercise independent oversight.

Oregonian editorials

Editorials reflect the collective opinion of The Oregonian editorial board, which operates independently of the newsroom.
Members of the editorial board are Mark Hester, Erik Lukens, Susan Nielsen and Len Reed.

To respond to this editorial:
Post your comment below, submit a **commentary piece**, or write a **letter to the editor**.

If you have questions about the opinion section, contact Erik Lukens, editorial and commentary editor, at **elukens@oregonian.com** or 503-221-8142.

At least some of the numerous warnings, Budnick and Manning reported, were read by Mike Bonetto, the governor?s health policy adviser and liaison to Cover Oregon, and Bruce Goldberg, who has served both as head of the Oregon Health Authority and as a member of the Cover Oregon board. While both men occupied positions of great responsibility, neither, it seems, passed along information that would have prevented the governor from being, in his words, ?entirely outside the loop.? Nor, it seems, did they respond to warnings aggressively enough to discover how deep Cover Oregon?s problems really were.

Why not? Goldberg says former Cover Oregon head Rocky King ?misled? him, and Bonetto claims, ?I didn?t get the accurate information.? King has resigned, as has Carolyn Lawson, the OHA employee responsible for the Web site. Meanwhile, Goldberg has been appointed interim director of Cover Oregon, and Bonetto has become Kitzhaber?s chief of staff.

You see the problem, as, we hope, does Kitzhaber.

Perhaps we should say problems, plural. The first and more immediate problem is getting the exchange?s Web site to work ? if possible. Goldberg?s experience as OHA head and Cover Oregon board member makes his I-was-misled excuse hard to swallow, but his knowledge of the exchange justifies some role in the rescue effort. However, putting him in charge, as the Cover Oregon board has done, contributes to a second problem, which has to do with credibility.

Sen. Richard Devlin, D-Tualatin, asked at a Capitol hearing last week why nobody at Cover Oregon bothered to inform him that ?the emperor has no clothes.? Goldberg and Bonetto had both the opportunity and the responsibility to discover the extent of Cover Oregon?s nakedness and make it known to the governor, who might have prepared Oregonians for what was to come. Judging by the governor?s surprise, they didn?t. Yet Goldberg now serves as Cover Oregon?s interim tailor, and Bonetto is Kitzhaber?s right-hand man.

The governor?s office has hired an Atlanta company to complete an independent review of the Cover Oregon disaster by the end of March. Taxpayers will know more then than they do now, but they already know more than enough to wonder, with justification, about Kitzhaber himself. What do Goldberg?s and Bonetto?s apparent lapses ? in communication and aggressive curiosity ? say about the organizational culture for which Kitzhaber is chiefly responsible? If he were running a business, he wouldn?t get a pass for failing to know about critical problems with a $160 million project.

And what, for that matter, does Bonetto?s promotion say about the governor's judgment? Nothing that?s going to restore the his rapidly dwindling surplus of credibility, that?s for sure. The same can be said of Goldberg?s continuing role with Cover Oregon, though here the decision was made by the Cover Oregon board. Then again, the governor appoints most board members, and it would be na?ve to assume the board would approve Goldberg?s selection over the governor?s strenuous objections.

At this point, a thorough house-cleaning seems to be an obvious prerequisite for renewed credibility. Shedding a couple of those responsible for the Cover Oregon debacle while shuffling higher-level officials who could have and should have done more will not be enough.

If, on the other hand, the governor can make a persuasive case for his conspicuously modest response, he should do so, and quickly. His constituents probably don?t like being left out of the loop, either.

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From: John Kitzhaber [redacted]
To: Tim Raphael [redacted] RAPHAEL PERSONAL EMAIL; Nkenge [redacted] HARMON JOHNSON CONSULTANT EMAIL
Cc: Mike Bonetto [redacted] BONETTO PERSONAL EMAIL; Dmitri Palmateer [redacted] PALMATEER PERSONAL EMAIL
Sent: Saturday, January 18, 2014 7:36 PM
Subject: Re: Oregonian article is up

Agreed. I think that is the pivot if we don?t meet the current 2/3/14 target.

On 1/18/14, 6:13 PM, "Tim Raphael" [redacted] RAPHAEL PERSONAL EMAIL wrote:

>Oracle skated in the article...may be time to push harder on their role
>
>Tim Raphael
>[redacted]
>
>> On Jan 18, 2014, at 5:47 PM, Nkenge [redacted] HARMON JOHNSON CONSULTANT EMAIL
>>wrote:
>>
>> See link below for Oregonian story. Not as bad as it could have been.
>>
>>
>>http://www.oregonlive.com/health/index.ssf/2014/01/cover_oregon_health_ex
>>change_f.html
>>

Message

From: Sean Kolmer [redacted]
Sent: 4/18/2014 12:25:13 PM
To: Mike Bonett[redacted]
Subject: Re: Bruce's resignation letter

I thought we have always been clear this is Clyde's call. Frankly we need him during this time and that letter for him at Cover Oregon was always about himw staying until a new Ed is on board and the transition time is good. He is not the face of this anymore and I don't see the problem.

On Apr 17, 2014 10:32 PM [redacted] wrote:
Fyi...something that Patricia and discussed was Bruce's involvement moving forward. She and Tim are very nervous about anything that might entail a new contract for Bruce (like Clyde mentioned today). Since there's no effective date to Bruce's resignation letter...I don't see why we couldn't craft something with Clyde that makes it effective May xx.

>

>
>

From: Clyde Hamstreet [redacted]
Sent: 4/4/2014 4:48:33 AM +0000
To: John Kitzhaber [redacted]
Subject: RE: Scope of Work
Attachments: image001.gif

I appreciate your confidence and look forward to your call.

From: John Kitzhaber [redacted]
Sent: Thursday, April 03, 2014 7:28 PM
To: Clyde Hamstreet
Subject: Re: Scope of Work

Thanks Clyde. I will give you a call tomorrow morning. I very much appreciate you taking this on.

Best Wishes,

JK

From: Clyde Hamstreet [redacted]
Date: Thursday, April 3, 2014 at 12:40 PM
To: John Kitzhaber [redacted]
Subject: Scope of Work

Governor,

I have attached the scope of work we developed with Bruce regarding Cover Oregon.

I am confident we can make Cover Oregon a sound business organization, but I also want to be sure the scope of work is what you have in mind. It would help me if we could have a short call or visit at your convenience to be sure I understand your objectives and we are proceeding in a ways you are comfortable with.

Regards,

Clyde

Hamstreet & Associates

One SW Columbia, Suite 1000

[redacted]



From: Clyde Hamstreet [redacted]
Sent: 4/4/2014 3:38:04 PM +0000
To: GOLDBERG Bruce GOLDBERG STATE EMAIL Mark Schmidt [redacted]
CC: Dr. George J. BROWN [redacted] Liz Baxter [redacted]; BONETTO Mike * GOV BONETTO STATE EMAIL
Subject: RE: Phone call today at 1

Yes, I can participate.

From: GOLDBERG Bruce GOLDBERG STATE EMAIL
Sent: Friday, April 04, 2014 8:01 AM
To: Dr.Bruce GOLDBERG; Mark Schmidt
Cc: Clyde Hamstreet; Dr. George J. BROWN; Liz Baxter [redacted]; BONETTO Mike * GOV
Subject: RE: Phone call today at 1

Will send dial in number later.

Thanks

b

From: Mark Schmidt [redacted]
Sent: Friday, April 04, 2014 7:49 AM
To: Dr. Bruce GOLDBERG
Cc: Clyde Hamstreet; Dr. George J. BROWN; Liz Baxter [redacted] BONETTO Mike * GOV
Subject: Re: Phone call today at 1

Bruce, Yes, I'll be on the line. Mark

On Apr 4, 2014, at 7:27 AM, GOLDBERG Bruce GOLDBERG STATE EMAIL [redacted] wrote:

Clyde, Mark, George and Liz

Could you participate in a phone call today at 1 with Governors Team, Clyde and Mark from Hamstreet and Associates, and Liz and George from Cover Oregon Board so we can talk through and finalize plans for Hamstreet engagement: scope, timing, roll out.

Thanks

bruce

Message

From: Patricia McCaig [redacted]
Sent: 4/4/2014 11:10:02 PM
To: BONETTO PERSONAL EMAIL [redacted]
Subject: Re: observations

nicely done.

Patricia McCaig

[redacted]

On Apr 4, 2014, at 3:56 PM, Gmail wrote:

Following up from call with Bruce, Clyde, Jordan and George Brown. Key takeaways below...

1) Revising contract now to have Hamstreet assuming executive role and reporting to the board....and ensuring that there is board oversight and invoice approval for the contract. Bruce would step down effective next week after board meeting...and be available as needed.

2) I will send you the next version of the contract (my guess is this weekend) for your review.

3) Timing of roll out will be focused on next Thursday's board mtg. Next steps will be for Liz to communicate to CO board that she has asked George to put together a proposal for executive transition (since he's leading the recruitment process for the next ED). George would present the Hamstreet contract and transition at the board meeting and ask for board approval.

On Apr 4, 2014, at 7:22 AM, Patricia McCaig [redacted] wrote:

All tracking. Phew. Thanks.

PMc

On Apr 4, 2014, at 12:28 AM, BONETTO PERSONAL EMAIL [redacted] wrote:
Thanks...this is aligned with what I have set up. Thinking we have a 2 step decision process at the moment. 1) How to handle Hamstreet contract and Bruce's exist....and 2) Decision on IT platform.

1) I've talked with Bruce and he's ready to step down next week if that's final decision....and to stay on for 1-2 weeks for any transition if needed.

2) I have a call scheduled at 1:00 tomorrow with Bruce, Hamstreet, Jordan, Liz Baxter and George Brown to get clarity on 1) who Clyde will actually be reporting to, 2) who will be signing the contract and 3) the roll out of introducing Clyde.

Bottom line -- Clyde will take his lead from Governor...so if we want Bruce to step down next week - and have the Board own the contact...we should have Governor call Clyde after our 11:15 call.

3) I talked with George Brown about the board needing to be in charge of Hamstreet contract...he agrees. I'm talking to Liz Baxter tomorrow morning about this as well. I think preference would be to have Liz as board chair sign the contract.

4) I have several key things below identified by Jordan's team that need to be addressed in the contract and that we'll look to get clarity on tomorrow:

- Initial concern is that this seems to essentially a time and materials contract with somewhat nebulous deliverables and no real milestones. There is a not to exceed cap of $100K – but is there any method to manage that cost? Are they prepping restructure to hand off to a new ED...and if so, are they going to burn that down in 3-4 months? or a year?

- The contract is written as an "hourly plus expenses" contract as opposed to a "deliverables" based contract. The not-to-exceed value of the contract, including expenses, is $100,000.
- There is no assurance that the work will be completed within the budget allowed
- There are multiple types of expenses identified, with no estimates of the cost and clear path for pre-approval by Cover Oregon
(examples: outside attorneys retained by Hamstreet, 3rd party consultants retained by Hamstreet, travel expenses for Hamstreet and their subcontractors)

- The compensation structure offers little budgetary or financial control for Cover Oregon
- $40,000 retainer fee (this is 40% of the value of the contract).
- Hamstreet may draw down from the retainer for amounts it believes are due. There are no deliverables for Cover Oregon to accept, and there is no provision for Cover Oregon to review or "accept" the invoice as accurate before the payment becomes due

- The contract as written encroaches on an employment relationship with Mr. Hamstreet:
Primarily of concern is that Mr. Hamstreet is identified as the "Chief Restructuring Officer" who will, among other duties:
- Participate in major decisions of Cover Oregon
- Provide senior leadership in business operations
- Have authority to direct the implementation of the restructuring

4) We'll need to make a decision on how we want to handle next Thursday's Cover Oregon board mtg probably by next Monday. We could slow walk this through the end of open enrollment before making any decision public. This would mean that Hamstreet and Alex would need to execute the contract with Deloitte to become the system integrator before having anything go before the board. Just need to think through if that decision should go to the board prior to signing. May be able to say that Deloitte will be needed in that role for either decision (state-based vs. federal)...so management team needed to execute contract immediately.

On Apr 3, 2014, at 9:36 PM, Patricia McCaig [redacted] wrote:

Mike, just some preliminary observations to help discussions

Patricia McCaig

[redacted]

<Observations.docx>

Message

From: Patricia McCaig [redacted]easystreet.net]
Sent: 4/7/2014 4:50:06 AM
To: BONETTO PERSONAL EMAIL
Subject: Re: Revised Hamstreet contract..

Mike, can we invite clyde(or his guy- I know Clyde is on a plane) to be part of the 9 am call? Seems the sooner we all hear the same thing the better?
PMc

On Apr 6, 2014, at 9:32 PM, BONETTO PERSONAL EMAIL wrote:

> Just took a quick read over this···it has included some new pieces based on Friday's discussion. Jordan was going to provide new language on indemnification issue and George was going to make sure reporting structure and board oversight looked good to him. Let me know if the team has any edits and I'll make sure to get those fed into the process.
> MB
> <Hamstreet_Advisory_Services_Contract.doc>

From: Patricia McCaig [redacted]
Subject: Re: DOJ feedback on Hamstreet.
Date: April 8, 2014 10:18:58 PM PDT
To: Mike Bonetto [redacted] BONETTO PERSONAL EMAIL



Yes. Just read it.
Patricia McCaig
[redacted]

On Apr 8, 2014, at 10:12 PM, Mike Bonetto wrote:

We'll need to figure out a way through this tomorrow..

From: Falk Theodore C [redacted]
Sent: Tuesday, April 08, 2014 10:05 PM
To: REEVES Liani * GOV; BONETTO Mike * GOV
Cc: BOSS Fred
Subject: FW: Clyde Hamstreet & Associates ATTORNEY CLIENT PRIVILEGE

Liani and Mike.

I am following up on your conversation earlier today with Deputy AG Fred Boss about the proposed contract with Clyde Hamstreet & Associates for restructuring services. Below is a message I sent Judith Anderson at Cover Oregon which confirms the advice we have given.

We suggested bringing in someone to serve as Interim Executive Director, alongside Clyde Hamstreet as restructuring contractor. I understand there are questions about whether that proposed solution is workable.

You asked us to consider another option: leaving the Executive Director position vacant. Unfortunately that option may not work either. OAR 741.201 provides: "The executive director may employ, supervise and terminate the employment of such staff as the executive director deems necessary. The executive director shall prescribe their duties and fix their compensation, in accordance with the personnel policies adopted by the board." Thus, without an Executive Director, it is unclear how Clyde Hamstreet and his firm could accomplish their assigned task.

Under the Board Bylaws, the Executive Director is the chief administrative officer and has the sole power to sign contracts. Assuming for purposes of discussion that these powers of the Executive Director may be delegated, such a delegation would likely lose its force if the Executive Director leaves office. Thus it appears doubtful that Dr. Goldberg could, for example, delegate Executive Director powers in a way that would survive his departure.

Board Policy 3.6, "Emergency Executive Director Succession," provides:

> In order to protect the Corporation and the Board from the disruption that could result from sudden loss of Executive Director services, the Executive Director shall not fail to designate and train fewer than two management employees capable of managing the Corporation operations, complying with Ends and Executive Limitations policies, and familiar with Board and Executive Director issues and processes to enable them to take over with reasonable proficiency as an interim successor.
>
> The Executive Director shall not:
> 1. Operate without written procedures that instruct the staff on when, how, and for what reasons the emergency executive director interim plan is enacted.
> 2. Identify said persons to the Board as soon as they are named and require them to attend at least one Board meeting annually.

Assuming this Policy has been implemented, it allows at least two "management employees" to be identified "to take over with reasonable proficiency as an interim successor." This policy does not contemplate the executive director role being vacant, and it contemplates the interim successor being a management employee. While Board Policy 3.6 could be changed by the Board, altering it to allow vacancies or to allow a contractor to serve as Interim Executive Director would get right back into the statutory concerns we have raised.

As the email to Judith Anderson says, we are open to working with Cover Oregon to find a solution to getting the benefit of the work of Hamstreet & Associates. Please let us know what other ideas or approaches you may have.

Ted

Today I can be reached at [redacted] (mobile).
Theodore C. Falk, Attorney-in-Charge, Health and Human Services Section
[redacted]

Please note new phone numbers starting 2/21/13

From: Falk Theodore C
Sent: Tuesday, April 08, 2014 5:45 [redacted]
To: 'Anderson, Judith [redacted]
Subject: Clyde Hamst[redacted]tes ATTORNEY CLIENT PRIVILEGE

Judith, I am confirming the advice we have given you today about the proposed contract with Clyde Hamstreet & Associates for restructuring services (the "Restructuring Contract").

After discussions among several General Counsel Division attorneys, we advised Cover Oregon that the barriers are nearly insuperable to having Clyde Hamstreet be Interim Executive Director. The role of the Executive Director is described in statute and in Cover Oregon Board policies. We explained that our central concern is that the Interim Executive Director must have an undivided fiduciary loyalty to Cover Oregon, which Clyde Hamstreet can't have as long as he also heads a private restructuring firm. In addition, the Interim Executive Director would be a state official subject to ORS chapter 244. Because of the conflicts of interest, any action Clyde Hamstreet took as Interim Executive Director could be called into question, so long as he remained the leader of his restructuring firm.

We proposed as an alternative that an employee of Cover Oregon be chosen as Interim Executive Director, to work with Clyde Hamstreet under whatever title Cover Oregon chooses to give him. We also considered the options of having a Cover Oregon Board member or a DAS employee play that alternative role. We advised that anyone who serves as Interim Executive Director must be appointed in the manner provided by statute, must satisfy the statutory requirements for an Executive Director, and must be prepared to serve Cover Oregon without a conflict of interest.

We are open to working with Cover Oregon to find another solution to getting the benefit of the work of Hamstreet & Associates.

Ted

--

Today I can be reached at [redacted]
Theodore C. Falk, Attorney-in-Charge, Health and Human Services Section
[redacted]

From: REEVES Liani * GOV [redacted]
Sent: 8/25/2014 8:35:34 PM +0000
To: PALMATEER Dmitri * GOV [redacted]
Subject: Fwd: Hamstreet contract
Attachments: Hamstreet Contract 14-0010B.pdf; ATT00001.htm

[redacted]

Begin forwarded message:

From: "Boss Frederick" [redacted]
To: "REEVES Liani * GOV" [redacted]
Cc: "UDLAND Lisa" [redacted] Lisa Kaner (LisaKaner@mhgm.com [redacted]
Subject: FW: Hamstreet contract

[redacted]

From: Anderson, Judith [redacted]
Sent: Thursday, May 01, 2014 4:27 PM
To: Boss Frederick
Subject: Hamstreet contract

[redacted]

Judith Anderson, JD| Operations/Contracts Advisor| Cover Oregon<file:///\\localhost\applewebdata\::FB57FFFE-0A41-404F-B0A8- [redacted]

*****CONFIDENTIALITY NOTICE*****

This e-mail may contain information that is privileged, confidential, or

otherwise exempt from disclosure under applicable law. If you are not the addressee or it appears from the context or otherwise that you have received this e-mail in error, please advise me immediately by reply e-mail, keep the contents confidential, and immediately delete the message and any attachments from your system.

****

HAMSTREET

April 10, 2014

VIA EMAIL
Liz Baxter [redacted]
Chair, Board of Directors
Cover Oregon
16760 SW Upper Boones Ferry Rd.
Suite 200 |
Durham, OR 97224

Re: Retention of Clyde A. Hamstreet & Associates
Cover Oregon Contract No. 14-0010B

Dear Ms. Baxter:

1. Introduction

This letter confirms that we, Clyde A. Hamstreet & Associates, LLC ("Hamstreet, LLC") and Clyde Hamstreet individually ("Clyde Hamstreet"), have been retained by you, the Oregon Health Insurance Exchange Corporation (commonly known as Cover Oregon, a public corporation performing governmental functions), to provide certain financial, advisory and restructuring services (the "Services") set out below, to you and your entities (collectively, the "Corporation" or "Cover Oregon"). As used herein, "you, "your" and related terms will refer to the Corporation, "we," "ours" and "us" and related terms will refer to Hamstreet). As also used herein "Hamstreet" refers to Hamstreet, LLC and Clyde Hamstreet collectively) This letter of engagement, the attached Schedules and the related Terms and Conditions constitute the entire engagement agreement (this "Agreement" or the "Contract") pursuant to which such Services will be provided.

2. Scope of Services

The Corporation's board of directors (the "Board") has delegated to Clyde Hamstreet the powers and duties of the Executive Director of the Corporation and Hamstreet will perform those powers and duties subject to the terms and conditions of this Contract.

At the Board's direction, the scope of Services to be performed by Hamstreet, LLC will be related to assisting the Corporation organizational, financial and restructuring efforts that the Board requests from time to time. The Services, which are more fully outlined on Schedule A, are subject to change as mutually agreed between us.

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3. Fees and Expenses

Compensation for Services. As compensation for providing Services hereunder, the Corporation shall pay Hamstreet non-refundable professional fees based on an hourly rate schedule and the level of staff required to complete our Services plus reasonable out-of-pocket expenses. The scope of our Services, as well as the complexity and length of this project will be based on those tasks required and approved by the Corporation

Hamstreet's current hourly rate schedule is set forth on Schedule B. Hourly rates are generally reviewed and revised effective January 1 of each year. Services will be charged at the rates that are in effect at the time the Services are rendered. Adjustments to rates by classification shall be limited to once in any calendar year. Hamstreet shall provide 30 days written notice to Corporation of any increase in rates. Note that Hamstreet does not provide any assurance regarding the outcome of our work and our fees will not be contingent on the results of such work.

Monthly, Hamstreet shall issue invoices to Cover Oregon no later than the 5th of each month for professional services performed during the prior period and the Corporation shall pay the applicable fees for such professional services. Invoices shall be reviewed and approved by the Cover Oregon Board or Board member designee prior to payment. Invoices shall contain an itemized listing of the Work performed and/or delivered during the time period for which payment is sought, be accompanied by a progress report detailing the Work achieved during the invoice period, include the total payment requested by Hamstreet for such Work, the date(s) on which such Work was performed and/or delivered, the date Hamstreet issued the invoice, and the Contract number pursuant to which the Work was performed. Hamstreet shall email all invoices for payment and required progress reports to Cover Oregon at contracts@coveroregon.com. Cover Oregon will pay approved invoices received from Hamstreet within 30 days of receipt and approval thereof by Cover Oregon, without waiving any and all rights and remedies that may be available to Cover Oregon in accordance with federal, state, and/or local law. Notwithstanding, the foregoing or any other provision of this Contract, Cover Oregon may withhold payment or offset payment for erroneous invoices or for Services that do not meet the requirements and warranties of this Contract.

Hamstreet requests an initial retainer of $40,000.00 (the "Retainer"), which shall be paid by the Corporation prior to commencement of this engagement or within seven (7) days of the date hereof. Hamstreet will deposit the Retainer in its client deposit account and will withdraw amounts from the Retainer only in order to return it to Corporation or to apply it to amounts due to Hamstreet under this Agreement. If Corporation pays an invoice from Hamstreet after Hamstreet has applied funds from the Retainer to amounts due under that invoice, Hamstreet will deposit the lesser of the amount of the payment made or the amount withdrawn from the Retainer to its client deposit account. The Retainer is not intended to be an estimate for the total cost of the work to be performed.

Cover Oregon will not pay for any work performed by Hamstreet pursuant to the Contract prior to the date this Contract becomes effective, nor will Cover Oregon pay Hamstreet for any work it

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may perform after the date this Contract expires or is otherwise terminated in accordance with the terms and provisions set forth herein. The maximum, not-to-exceed compensation payable to Hamstreet under this Contract, which includes any allowable expenses, is $100,000.00. If the maximum compensation is increased by amendment of this Contract, the amendment must be fully effective before Hamstreet performs any additional work subject to the amendment.

Hamstreet reserves the right to suspend further Services until such time as payment is received on past due invoices. In the event that Hamstreet suspends its Services as permitted in this paragraph, Hamstreet shall not be responsible or liable for any resulting loss, damage or expense due to such suspension.

Out-of-Pocket Expenses. The Corporation agrees to reimburse Hamstreet for reasonable out-of-pocket expenses that are incurred in performing Services hereunder. Reimbursable expenses include, but are not limited to, airfare, meals, and hotel accommodations and other similar costs and expense. The reasonable fees and expenses of attorneys consulted or engaged by Hamstreet to assist it under this Agreement shall be reimbursable expenses. Services of other third parties consulted or engaged by Hamstreet to assist it under this Agreement shall be reimbursable expenses provided that such consultation or engagement has been approved by the Corporation. Hamstreet will not charge any markup, overhead, profit or other fees on the reimbursable expenses.

4. Limitations on Services

Hamstreet's Services are limited to those specifically described in this Agreement. Except as specifically described in Schedule A, Hamstreet's Services do not include accounting or tax related assistance or advisory services. Hamstreet will not be expressing any professional opinions on financial statements or performing attest procedures with respect to other information in conjunction with this engagement. Hamstreet's Services are not designed, nor should they be relied on, to disclose weaknesses in internal controls, financial statement errors, irregularities, or illegal acts. We will, however, inform you of any material irregularities or improper acts that come to our attention.

Notwithstanding anything in the Agreement to the contrary, Hamstreet's Services shall specifically exclude any services that would cause Hamstreet or any of the individuals listed on Schedule B to be a fiduciary within the meaning of the Employee Retirement Security Act of 1974, as amended ("ERISA"). Such excluded services include, but shall not be limited to, (i) the exercise of discretionary authority or control with respect to the management of any Corporation plan that is subject to ERISA ("ERISA Plans") or the management or disposition of its assets; (ii) the rendering of investment advice for a fee or other compensation, direct or indirect, with respect to any moneys or other property of Corporation's ERISA Plans, or the authority or responsibility to do so; or (iii) the discretionary authority or discretionary responsibility in the administration of any of Corporation's ERISA Plans. In no event shall Hamstreet or any of the individuals listed on Schedule B become a named fiduciary with respect to any ERISA Plans.

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5. Terms and Conditions

The attached Terms and Conditions set forth the duties of each party with respect to the Services. Further, this letter, the attached Schedules and the Terms and Conditions attached comprise the entire Agreement for the provision of the Services and they supersede all previous proposals, letters of engagement, undertakings, agreements, understandings, correspondence and other communications, whether written or oral, regarding the Services.

6. Personnel Issues

Clyde Hamstreet will coordinate all engagement matters on behalf of Hamstreet. All of Hamstreet, LLC employees, contractors and agents furnished by Hamstreet, LLC to perform the Services (collectively, "Hamstreet, LLC Personnel") are and will remain Hamstreet's agents and, under no circumstances, will any Hamstreet LLC Personnel be deemed to be Corporation's employees. Hamstreet, LLC is solely responsible, at Hamstreet, LLC's sole cost and expense, for (i) the fulfillment of all obligations to Hamstreet, LLC Personnel and (ii) the compliance by Hamstreet, LLC and Hamstreet, LLCs Personnel with this Agreement and all laws, regulations, orders and other governmental requirements applicable to performance of the Services. Hamstreet, LLC will require all Hamstreet, LLC Personnel who are performing any work on the Cover Oregon's premises to comply with all of Cover Oregon's regulations and policies as provided in writing by the Corporation to Hamstreet.

During the term of this engagement, and for a period of one year following its termination, the Corporation agrees that it will not directly solicit, employ or otherwise engage any Hamstreet Personnel (including former Hamstreet Personnel). Subject to the limitations of Article XI, section 7 of the Oregon Constitution and the Oregon Tort Claims Act, the Corporation further agrees that any violation of this Section 6 shall result in liquidated damages in the amount of 25% of the hired person's total compensation during their first year of employment by Corporation. Payment of liquidated damages for violation of this Section 7 may be billed and shall be payable as an additional reimbursable expense under this Agreement and shall not be subject to any requirement of advance authorization by Corporation or any other limitation that may apply to other fees and expenses payable to Hamstreet, LLC under this Agreement.

7. Acknowledgement and Acceptance

Please acknowledge your acceptance of the terms of this Agreement by signing both the confirmation below and the attached Terms and Conditions and returning a copy of each to us at the above address. This Agreement will become effective when (i) it has been duly executed by or on behalf of each party, (i) signed counterparts have been delivered to both parties, and (iii) the Retainer required by Section 3 above has been paid by the Corporation to Hamstreet. Electronic transmission of a signed signature page will be the same as delivery of a manually signed counterpart hereof.

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If you have any questions regarding this Agreement, the Schedules or the attached Terms and Conditions, please do not hesitate to contact me at [redacted]

Yours faithfully,

CLYDE A. HAMSTREET & ASSOCIATES, LLC

By: _____
Clyde Hamstreet
Managing Member

CLYDE A. HAMSTREET, in his individual capacity

_____

OREGON HEALTH INSURANCE EXCHANGE CORPORATION, an Oregon Public Corporation

By: _____

Liz Baxter, Chair
Board of Directors

Attachment – Terms and Conditions
Schedule A – Services
Schedule B – Hourly Rates

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HAMSTREET

CLYDE A. HAMSTREET & ASSOCIATES, LLC
TERMS AND CONDITIONS

The following are the Terms and Conditions on which Hamstreet will provide the Services to the Corporation set forth within the attached letter of engagement dated as of April 1, 2014 (together with the Schedules thereto, this "Agreement"). Capitalized terms used herein shall have the meanings given them in the letter of engagement unless otherwise defined herein.

This Contract is effective on the date it has been fully executed by each and every party hereto. Unless otherwise extended or terminated earlier in accordance with its terms, this Contract shall expire on July 1, 2014. Contract termination shall not extinguish or prejudice Cover Oregon's right to enforce this Contract with respect to any default by Hamstreet that has not been cured.

1. Work Product

1.1 Deliverables. Materials or reports prepared in connection with Hamstreet's engagement hereunder ("Deliverables") may contain factual data, the interpretation of which may change over time as more information becomes available. Except as specifically directed by the Board, it is understood and acknowledged that Hamstreet shall not have an obligation to update the Deliverables as part of its Services hereunder in the event of such a change. Hamstreet will communicate its findings and observations, together with any recommendations, solely to the Corporation unless otherwise directed by the Corporation. Any decisions to implement such recommendations will be solely that of the Corporation.

1.2 Ownership of Deliverables.. Unless otherwise specified herein, on full payment for the Services, Hamstreet hereby assigns to the Corporation any and all rights, title and interest, including, without limitation, copyrights, trade secrets and proprietary rights to the Deliverables). The Deliverables shall be deemed to be "works made for hire" under the federal copyright laws. In the event that Deliverables include third party intellectual property, Hamstreet shall secure on Corporation's behalf ownership such intellectual property or subject to Corporations' approval, a license to the third party intellectual property sufficient to fulfill the business objectives, requirements and specifications identified in this Contract

2. Reports and Advice

2.1 Reliance on Drafts. You acknowledge that no reliance shall be placed on draft reports, conclusions or advice, whether oral or written, issued by us as the same may be subject to further work, revision and other factors, which may mean that such drafts are substantially different from any final report or advice issued.

2.2 Our Responsibility for Final Reports. In the event Hamstreet will be acting as independent experts, our reports or advice must be objective and impartial. While we will be

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prepared to discuss draft reports, which do not constitute our final opinion, the content of our final report is a matter for us alone.

2.3 Use and Purpose of Advice and Reports. The Corporation acknowledges that all information (written or oral), including Deliverables, generated by Hamstreet in connection with this engagement is intended solely for the benefit and use of the Corporation (limited to its management) in connection with the purpose in respect of which the Services are provided. Unless required by law, the Corporation agrees that no such information shall be used for any other purpose. In no event, regardless of whether consent has been provided, shall Hamstreet assume any responsibility to any third party to which any advice or report is disclosed or otherwise made available.

2.4 Public Records Law. Cover Oregon is subject to the Oregon Public Records Law (ORS §§192.410 to 192.505), which requires Cover Oregon to disclose all records generated or received in the transaction of corporate business, except as expressly exempted in ORS §§192.501, 192.502, or other applicable law. Accordingly, all documents submitted by Hamstreet to Cover Oregon in connection with and/or related to this Contract shall become public records, subject to disclosure, unless exempt from disclosure pursuant to the Oregon Public Records Law and/or as otherwise stated in this subsection. Cover Oregon reserves the right to disclose information that Cover Oregon determines, in its sole discretion, is not exempt from disclosure or that Cover Oregon is directed to disclose by an independent auditing entity, the Oregon Secretary of State's office, the Oregon Department of Justice, or a court of competent jurisdiction. Cover Oregon shall make reasonable efforts to notify Hamstreet of information that shall be disclosed, prior to disclosure.

2.5 Testimony. Except for testimony which is within the scope of Services set forth on Schedule A for which Hamstreet will be compensated as provided herein, if Hamstreet is required in any legal proceeding to deliver testimony in connection with the Services provided under this Agreement, the Corporation agrees to pay Hamstreet a fee at Hamstreet's then prevailing hourly rates, in addition to the fees and expenses of outside counsel retained by Hamstreet to advise it in connection with such testimony and other reimbursable expenses incurred by Hamstreet in connection with the testimony. Notwithstanding the foregoing in this section 2.5, the Corporation will have no obligation to compensate or reimburse Hamstreet when the parties are adverse parties in litigation, appeals, mediation or arbitration."

3. Information and Assistance

3.1 Provision of Information and Assistance. Our performance of the Services is dependent on the Corporation providing us with such information and assistance as Hamstreet may reasonably require from time to time.

3.2 Punctual and Accurate Information. The Corporation's personnel shall use reasonable skill, care and attention to ensure that all information Hamstreet may reasonably require is provided on a timely basis and is accurate and complete and relevant for the purpose

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for which it is required. Hamstreet shall have access to all necessary personnel, assets, properties, books, and records of and advisors to the Corporation as is available to the Chief Executive Officer and Chief Financial Officer of the Corporation (or equivalent positions). All information made available to Hamstreet by the Corporation will, to the best of the Corporation's knowledge, be complete and correct in all material respects. During the term of this Contract you shall also notify Hamstreet if you subsequently learn that any information provided to us is incorrect or inaccurate or otherwise should not be relied on.

3.3 No Assurance on Financial Data. While our work may include an analysis of financial and accounting data, the Services will not include an audit, compilation or review of any kind of any financial statements or components thereof. Corporation management will be responsible for any and all financial information they provide to us during the course of this engagement, and Hamstreet will not examine or compile or verify any such financial information. Moreover, the circumstances of the engagement may cause our advice to be limited in certain respects based on, among other matters, the extent of sufficient and available data and the opportunity for supporting investigations in the time period. Accordingly, as part of this engagement, Hamstreet will not express any opinion or other form of assurance on financial statements of the Corporation.

3.4 Prospective Financial Information. In the event the Services involve prospective financial information, our work will not constitute an examination or compilation, or apply agreed-on procedures, in accordance with standards established by the American Institute of Certified Public Accountants or otherwise, and Hamstreet will express no assurance of any kind on such information. There will usually be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We will take no responsibility for the achievability of results or events projected or anticipated by the management of the Corporation.

4. Warranty

4.1 Standard of Performance. Hamstreet represents and warrants that all Services shall be performed in accordance with standards of skill and care generally observed by "restructuring" consultants of recognized national standing in the United States.

4.2 Limited Warranty. THE ABOVE WARRANTY IS OUR ONLY WARRANTY CONCERNING THE SERVICES AND ANY DELIVERABLES, AND IS MADE EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES AND REPRESENTATIONS. EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, OR OTHERWISE, ALL OF WHICH ARE HEREBY DISCLAIMED.

4.3 Remedy for Breach of Warranty. Hamstreet's sole obligation will be to correct any non-conformance with this warranty, provided that you give us written notice within 60 days after the Services are performed or, if applicable, Deliverables are delivered. The notice will

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specify and detail the non-conformance and Hamstreet will have a reasonable amount of time, based on its severity and complexity, to correct the non-conformance.

5. Confidentiality of Information

5.1 All information obtained by the Hamstreet shall be treated as privileged communications, shall be held confidential, and shall not be divulged without the written consent of Cover Oregon except as required by other terms of this Contract.

5.2. The use or disclosure of information concerning Cover Oregon shall be limited to persons directly connected with the administration of this Contract. Confidentiality policies shall be applied to all requests from outside sources.

5.3 Cover Oregon, Hamstreet and any subcontractor will share information as necessary to effectively serve Cover Oregon.

5.4 Any federal or state tax return or return information, as defined by 26 U.S.C. Section 6103(b), as stated and as revised to render such definition applicable to the State of Oregon, (collectively "Tax Return Information") made available to Hamstreet pursuant to this Contract, from any source, shall be used only for the purpose of carrying out the provisions of this Contract. Tax Return Information contained in any such material shall be treated as confidential and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of this Contract and as permitted by federal or state law, as applicable. Inspection by or disclosure to anyone other than an officer or employee of Hamstreet is prohibited. All Tax Return Information will be accounted for upon receipt and properly stored before, during, and after processing to ensure the appropriate and required measures of confidentiality. In addition, all related output and products will be given the same level of protection as required for the source material. Should Hamstreet seek to subcontract Services to a third party, in full or in part, Hamstreet shall notify Cover Oregon if the intended subcontract will require disclosure of any Tax Return Information as part of the approval process identified in Section 19.1 of the General Terms and Conditions of the Contract.

5.5. Identity Theft. In the performance of the contract, Hamstreet may have possession or access to documents, records or items that contain "Personal Information" as that term is used in ORS 646A.602(11), including Social Security numbers. Personal Information is a type of Confidential Information that is highly sensitive and subject to additional protection. Therefore, prior to the receipt of, and during the period in which Hamstreet has possession of or access to, any Personal Information, Hamstreet shall have in place, a formal written information security program that provides safeguards to protect Personal Information from loss, theft, and disclosure to unauthorized persons, as required by the Oregon Consumer Identity Theft Protection Act, ORS 646A.600-646A.628. Hamstreet shall promptly report to the Corporation any breach of security, use, disclosure, theft, loss, or other unauthorized access of any document, record, compilation of information or other item that contains Personal Information to which the Hamstreet receives access, possession, custody or control in the performance of this Contract.

6. Termination

6.1 Termination of Engagement. The Corporation may terminate this Agreement as to Hamstreet, LLC at any time for any or no reason whatsoever by giving written notice to Hamstreet, LLC. The Corporation may terminate this contract as to Clyde Hamstreet in accord with ORS Chapter 741. Hamstreet may terminate this Agreement, by giving written notice to the Corporation, if the Corporation fails to pay when due any amount owing to Hamstreet, if the Corporation fails to cooperate with Hamstreet or to disclose material information, or if for any other reason Hamstreet believes it is unable to effectively perform the Services or continue an effective relationship with the Corporation. Unless a different date is specified in the notice, this Agreement will terminate effective as of the date the notice is actually received by the party to whom the notice is given.

6.2 Effect of Termination. Upon the termination of this Agreement, Hamstreet will promptly generate a final invoice, which the Corporation shall pay within seven (7) days of the invoice date to the extent not paid from any unused portion of the Retainer, and Hamstreet will return to the Corporation any portion of the Retainer that is not used to pay amounts owing by the Corporation to Hamstreet. The terms of this Agreement that by their context are intended to be performed after termination of this Agreement will survive such termination and continue to bind the parties. Without limiting the generality of the preceding sentence, the covenant in Section 7 of the letter of engagement and Sections 5 through 11 of these Terms and Conditions will survive the termination of this Agreement, in each case subject only to applicable statutes of limitation.

7. Indemnification

7.1 Indemnification by Hamstreet

7.1.1 Indemnification. Except as provided in Section 7.1.3, Hamstreet shall defend, save, hold harmless, and indemnify the state of Oregon and Corporation and their officers, employees and agents from and against all tort claims as defined in ORS 30.260(8), and all such suits, actions, losses, damages, liabilities, costs, and expenses (collectively, "tort claims") of resulting from, arising out of, or relating to the activities of Hamstreet or Hamstreet, LLC Personnel under this Contract.

7.1.2 In performing the indemnification obligation in section 7.1.1, Hamstreet shall select legal counsel reasonably acceptable to the Oregon Attorney General to act in the name of, or represent the interest of, the state of Oregon, Corporation or their officers, employees and agents. Such legal counsel must accept appointment as a Special Assistant Attorney General under ORS Chapter 180 before such action or representation. Further, the state of Oregon acting by and through its Department of Justice, may assume its own defense, including that of its officers, employees and agents, at any time when in the state of Oregon's sole discretion it determines that (1) proposed counsel is prohibited from the particular representation contemplated; (2) counsel is not adequately defending the interests of the state of Oregon or its

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officers, employees and agents; (3) important governmental interests are at stake; or (4) the best interests of this date of Oregon are served thereby. Hamstreet's obligation to pay for all costs and expenses shall include those incurred by the state of Oregon in assuming its own defense or that of its officers, employees, and agents under (1) and (2) above. Further, Hamstreet is not authorized to settle or compromise any claim referenced in this section without the expressed written consent of the Oregon Attorney General.

7.1.3. The foregoing indemnity provision in section 7.1.1 will have no effect with respect to tort claims covered by indemnity by the state of Oregon under section 7.2, provided that Hamstreet (1) promptly reports any such claim or occurrence that could give rise to a claim in writing to Risk Management Division, 1225 Ferry St. SE., U150, Salem, OR 97301-7337 (or any subsequent address of such division); and (2) cooperates fully in the investigation and defense of any claim.

7.2 Indemnification by the State of Oregon and the Corporation

7.2.1 Indemnification for Hamstreet Activities. From funds available in that portion of the Insurance Fund dedicated for state insurance programs, the state of Oregon, acting by and through its Department of Administrative Services (DAS), shall defend and indemnify Hamstreet and Hamstreet, LLC Personnel up to the limits for tort claims against the state of Oregon, as specified in ORS 30.271 and 30.273 (including the costs of defense), for all claims for torts committed or alleged to have been committed by Hamstreet or Hamstreet, LLC Personnel in the course of their delivery of Services under this Agreement. Notwithstanding the foregoing, the state of Oregon shall have no obligation to indemnify Hamstreet or Hamstreet, LLC Personnel to the extent the claims arise from the gross negligence or willful misconduct of Hamstreet, its officers, employees, subcontractors, or agents under this Contract. Subject to the monetary limits stated above, Hamstreet and Hamstreet, LLC Personnel are entitled to the same defense and indemnification rights afforded to qualifying agents of the Corporation under ORS 30.260 to 30.300. However, none of the terms of this Agreement are intended to, and none do, make Hamstreet or Hamstreet, LLC Personnel the agents or employees of Corporation, DAS, or the state of Oregon generally.

7.2.2 Indemnification for State Activities. To the extent permitted by Article XI, section 7 of the Oregon Constitution and by the Oregon Tort Claims Act (ORS 30.260 through 30.300) the Corporation will indemnify Hamstreet and Hamstreet, LLC Personnel against any and all claims relating to intellectual property infringement, bodily injury or death of any person, or damage to real or tangible personal property arising from the state's activity under this Contract.

8. Liability Limitation; Waiver of Jury Trial

8.1 Limitation of Liability. The Corporation agrees that neither Hamstreet nor any Hamstreet, LLC Personnel shall have any liability to the Corporation or to any third party as a result of the Corporation's retention of Hamstreet, the execution and delivery of this Agreement,

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the provision of Services or other matters relating to or arising from this Agreement, other than liabilities that shall have been determined by a final non-appealable order of a court of competent jurisdiction, including administrative bodies, to have resulted from the gross negligence or willful misconduct of Hamstreet or Hamstreet, LLC Personnel in respect of whom such liability is asserted. Except for liabilities incurred by Hamstreet under section 7.1, neither Hamstreet nor any Hamstreet, LLC Personnel shall be liable for consequential, indirect or punitive damages, damages for lost profits or opportunities or other like damages or claims of any kind. Except for liabilities incurred by Hamstreet under section 7.1, neither Hamstreet nor Hamstreet, LLC Personnel shall be liable to the Corporation for an amount which in the aggregate exceeds the total amount of compensation actually received by Hamstreet under this Agreement.

8.2 Liability for Delay. Neither of us will be liable for any delays or failures in performance due to circumstances beyond our reasonable control.

8.3 Waiver of Jury Trial. SUBJECT TO THE PROVISIONS OF SECTION 10, TO FACILITATE JUDICIAL RESOLUTION AND SAVE TIME AND EXPENSE, THE CORPORATION AND HAMSTREET IRREVOCABLY AND UNCONDITIONALLY AGREE NOT TO DEMAND A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THE SERVICES OR THIS AGREEMENT.

9. Governing Law and Jurisdiction. Any claim, action, suit, or proceeding (collectively, "Claim") between Agency (or any other agency or department of the State of Oregon) and Hamstreet that arises from or relates to this Contract shall be brought and conducted solely and exclusively within the Circuit Court of Marion County for the State of Oregon; provided, however, if a Claim must be brought in a federal forum, then it shall be brought and conducted solely and exclusively within the United States District Court for the District of Oregon. In no event shall this section be construed as a waiver by the State of Oregon of any form of defense or immunity, whether sovereign immunity, governmental immunity, immunity based on the eleventh amendment to the Constitution of the United States or otherwise, from any claim or from the jurisdiction of any court. The parties submit to the jurisdiction of such courts and irrevocably waive any right they may have to object to any action being brought in these courts, to claim that the action has been brought in an inconvenient forum or to claim that those courts do not have jurisdiction.

10. Reserved

11. Miscellaneous Provisions

11.1 Assignment. This Agreement shall inure to the benefit of the parties and their respective successors and permitted assigns. Neither party may assign this Agreement, in whole or in part, without the prior written consent of the other. Any attempt to make such an assignment shall be void.

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11.2 Complete Agreement. This Agreement constitutes the complete agreement and understanding between the parties and supersedes all prior agreements and understandings between the parties with respect to the subject matter hereof. This Agreement may be modified only by a writing, signed by both parties, which specifically identifies this Agreement by name and date.

11.3 No Third Party Benefit. This Agreement is made solely for the benefit of the parties hereto, and no third party shall acquire any claim against Hamstreet as a result of this Agreement.

11.4 Invalidity; Severability. If any provisions of this Agreement shall for any reason be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed to give effect as nearly as possible to the intent of the parties. The parties agree to work together to replace such invalid, illegal or unenforceable provision as promptly as possible with a provision that is valid, legal and enforceable.

11.5 Construction. The parties acknowledge that this Agreement was the subject of fair negotiation between the parties. Neither party shall be considered the "drafter" of this Agreement for the purpose of construing any of its terms and conditions.

11.6 Headings. Section headings and numbers are provided for convenience only, and shall not affect the construction or interpretation of this Agreement.

11.7 Days. References to "days" or a "day" shall mean a calendar day, unless otherwise stated.

11.8 Notices. Any notice or communication required to be given by a party under this Agreement shall be in writing and shall be hand delivered or sent by certified mail, return receipt requested, or by confirmed facsimile transmission to the other party.

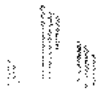
11.9 Advertisement. Hamstreet is authorized, at its expense, to place a customary "tombstone" advertisement or similar announcement with respect to its engagement hereunder in such form and in such media as Hamstreet deems appropriate.

11.10 Subcontracts.. Hamstreet shall not enter into any subcontracts for any of the Services required by this Contract without the Corporation's prior written consent. Any proposed use of a subcontractor which is located outside the United States or use of subcontract labor or facilities located outside the United States must be called to the specific attention of the Corporation. The Corporation's consent to any subcontract or assignment shall be timely and not unreasonably withheld. The Corporation's consent to a subcontract does not relieve Hamstreet of any of its duties or obligations under this Contract.

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11.11 Counterparts. This Agreement may be executed in any number of counterparts (including facsimile or electronic portable document format counterparts), each of which will be deemed an original and all of which taken together will constitute one and the same document.

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HAMSTREET

SCHEDULE A

Services

1. **Scope of Service, Clyde Hamstreet:**
   a. Clyde Hamstreet, as delegated by the Cover Oregon Board shall perform the duties of and have the powers of the Cover Oregon Executive Director pursuant to ORS 741.201 and subject to policy direction by the Cover Oregon's Board

2. **Scope of Services, Hamstreet, LLC**

   Hamstreet, LLC shall provide the following services:

   a. Assist the Corporation by providing leadership in business operations, and oversight in planning and implementing an organizational restructuring until handoff to future executive director.
   b. Review and provide comments and recommendations to the board with respect to the organizational, financial and operating policies, plans and programs of Cover Oregon. Hamstreet, LLC may with approval of the board participate in any major decisions which might have a significant impact on such policies, plans or programs or on the restructuring of the Cover Oregon.

   c. **Assess Cover Oregon's business operations**, including but not limited to:
      i. Business mission (requirements of customers and business partners)
      ii. Current operating performance
      iii. Business organization structure
      iv. Management roles, responsibilities and reporting relationships
      v. Management accountability and authority
      vi. Management and staff resources
      vii. Management and staff development

   Draft Report due

   Review comments from Corporation due

   Final Report due

   d. **Assess Cover Oregon's financial management**, including but not limited to:
      i. Accounting controls
      ii. Periodic financial reporting
      iii. Budgeting and budget management

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3.

Draft Report due

Review comments from Corporation due

Final Report due

a. Based on its assessment and findings, Hamstreet will prepare and recommend to the board for its approval, a plan for restructuring Cover Oregon to efficiently and effectively carry out its obligations.

Draft Report due

Review comments from Corporation due

Final Report due

b. Provide limited support to the State of Oregon's website development project team, including assistance with:
   i. Project requirements
   ii. Project communications
   iii. Project advice, as requested.
   iv. Perform other such work as the Board requests.

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HAMSTREET

SCHEDULE B

State of Oregon Hourly Rates

Consultant	State of Oregon Hourly Rates*
Clyde Hamstreet	$ 300
Mark Schmidt	$ 260
Maren Cohen	$ 240
Shirley Dunn	$ 275
Hannah Schmidt	$ 210

Note: Two Hamstreet Consultants live a significant distance from Corporation and will have expenses for travel, lodging and meals. Lodging, meals and incidental expense will be billed at cost and will not exceed GSA's FY2014 per diem rates and travel will not exceed GSA's mileage reimbursement rates. All travel expenses will be paid in accordance with HHS regulations at 45 CFR Part 92 Subpart C Section 92.22(43) (OMB Circular A-87).

*The hourly rates for services provided to the Oregon Health Insurance Exchange Corporation for this engagement are below those we charge our for profit clients and are not reflective of our standard hourly rates for corporate or bankruptcy engagements.

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HAMSTREET

SCHEDULE C
Insurance requirements

Required Insurance: Unless otherwise agreed upon pursuant to Cover Oregon's sole discretion, Hamstreet shall, at all times during which this Contract is in effect, and at Hamstreet's sole expense, procure and maintain insurance on all its operations, including but not limited to all work performed by Hamstreet, and its employees and agents, pursuant to and/or in connection with this Contract, with insurance companies that are acceptable to Cover Oregon, have no less than an A- rating by A.M. Best, and are authorized to transact the business of insurance and issue coverage within the State of Oregon, as follows:

1. WORKERS COMPENSATION

1.1 All employers, including Hamstreet, that employ subject workers, as defined in ORS 656.027, shall comply with ORS 656.017 and shall provide Workers' Compensation Insurance coverage for those workers, unless they meet the requirement for an exemption under ORS 656.126(2). Hamstreet shall require and ensure that each of its subcontractors complies with these requirements.

2. PROFESSIONAL LIABILITY / ERRORS AND OMISSIONS

2.1 Hamstreet shall procure and maintain, at its sole expense, for the entire duration this Contract is in effect, Professional Liability Insurance or Errors and Omissions Insurance covering any damages caused by an error, omission or any negligent acts of the Hamstreet, and its agents, officers, and employees, that are related to the services to be provided under this Contract. Such insurance shall contain coverages and limits of liability that are satisfactory to Cover Oregon, consistent with industry standards as they relate to the Work being performed and/or services provided by Hamstreet and their employees and/or agents, in annual amounts not less than:

$1,000,000 per occurrence for any single claimant;

$1,000,000 per occurrence for any multiple claimant; and

$1,000,000 general aggregate.

3. COMMERCIAL GENERAL LIABILITY

3.1 Hamstreet shall procure and maintain, at its sole expense, for the entire duration this Contract is in effect, Commercial General Liability insurance covering bodily injury and property damage in a form and with coverages that are satisfactory to Cover Oregon. This insurance shall include personal and advertising injury liability, products and completed operations. Such insurance shall be in a form and have coverages and limits that are

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satisfactory to Cover Oregon, consistent with industry standards as they relate to the work being performed and/or services being provided by Hamstreet, and shall be written on an occurrence basis. Notwithstanding the foregoing, the policy shall have annual limits in amounts not less than the following:

$2,000,000 per occurrence (combined single claimant for bodily injury and property damage);

$2,000,000 per occurrence (combined multiple claimant for bodily injury and property damage);and

$2,000,000 general aggregate.

4. AUTOMOBILE LIABILITY INSURANCE

4.1 Hamstreet shall procure and maintain, at its sole expense, for the entire duration this Contract is in effect, Automobile Liability Insurance covering all owned, non-owned, or hired vehicles. This coverage may be written in combination with the Commercial General Liability Insurance (with separate limits for "Commercial General Liability" and "Automobile Liability"). Hamstreet shall provide proof of insurance of not less than the following amounts as determined by Cover Oregon:

$1,000,000 per occurrence (combined single claimant for bodily injury and property damage);

$2,000,000 per occurrence (combined multiple claimant for bodily injury and property damage); and

$2,000,000 general aggregate.

5. ADDITIONAL INSURED

5.1 The Commercial General Liability Insurance and the Automobile Liability Insurance policies that Hamstreet is required to procure and maintain pursuant to the terms and conditions of this Contract shall name the Oregon Health Insurance Exchange (dba Cover Oregon), the State of Oregon, and their respective board members, officers, employees, and agents as additional insureds, with respect to Hamstreet's activities to be performed under this Contract. Such coverage shall be primary and non-contributory with any other insurance and self-insurance.

6. NOTICE OF CANCELLATION OR CHANGE

6.1 There shall be no cancellation, material change, potential exhaustion of aggregate limits or non-renewal of insurance coverage(s) without 60 days' written notice from Hamstreet or its insurer(s) to Cover Oregon. Any failure to comply with the reporting provisions of this

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clause shall constitute a material breach of Contract and shall be grounds for immediate termination of this Contract by Cover Oregon.

7. PROOF OF INSURANCE

7.1 Hamstreet shall provide to Cover Oregon proof of all required insurance no later than 10 business days after the execution of the Contract. Hamstreet shall pay for all deductibles, self-insured retention and self-insurance, if any. Hamstreet's failure to provide full and complete proof of insurance, with the coverages and minimum limitations required by this Contract, within 10 business days of the date this Contract becomes effective, shall be deemed a material breach of the Contract.

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From: Patricia McCai [redacted]
Subject: HAMSTREET TALK NG PO NTS.doc
Date: April 10, 2014 6
T [redacted] Mike Bonetto



1 Attachment, 33 KB

FYI need help with a few and who will respond.

HAMSTREET doc (33 KB)

PMc

Summary/George's talking points at Board:

- The Governor gave the Board clear directives from the First Data report to do a full assessment of the current structure and staffing model of Cover Oregon to bring greater accountability and efficiency. To that end, the Board has retained Hamstreet & Associates to perform that assessment. Hamstreet and Associates will make recommendations to the Board and incoming executive director to help ensure a smoother open enrollment period in the fall and improved customer service.
- In addition, Clyde Hamstreet will serve in the role of Chief Restructuring Officer. His team will be leading the organization until the search for a new executive director is complete. He will be responsible for the day-to-day running of Cover Oregon during that time.
- Bruce Goldberg will move from the Acting Director position but will remain available to assist with the transition

Q/A –

How was Hamstreet chosen?
The Governor worked with George Brown of the Cover Oregon Board, Michael Jordan and Bruce Goldberg to bring in Clyde Hamstreet and his team.

Did this go through a competitive process?
In order to move forward quickly, the Board selected Hamstreet based on X, Y & Z.

What is the Governor's connection with Hamstreet? Why him?
Placeholder answer

Clyde Hamstreet makes $300 per hour, which is 12,000 per week. Is he going to be full-time on site running the operations instead of an executive director? The cap on the contract is $100K. Won't you go through that rather quickly?
Placeholder answer

The contract calls for five total Hamstreet executives. What are they all going to be doing?
Placeholder answer

When is the restructuring analysis and recommendations scheduled to be completed?
Placeholder answer

Today Alex Pettit laid out the two remaining technology options. How will Hamstreet & Assoc take those into account when making restructuring recommendations?
Hamstreet's charge is to restructure Cover Oregon into a more efficient and accountable organization to support smoother enrollment

and improved customer service supporting whichever technology option is chosen.

Will the restructuring include layoffs?
It is much too premature for those kinds of conversations. The point is to assess Cover Oregon and make determinations for restructuring to make it more efficient and accountable.

Why didn't you leave Goldberg in charge until there is a new executive director?
The Governor and the Board want to have recommendations for restructuring for the new executive director to be able to start fresh and move Cover Oregon forward.

George Brown just announced that the ED search is postponed pending the technology decision. If Cover Oregon moves the federal exchange why bring in a restructuring specialist?
Either technology option is going to require Cover Oregon to operate as efficiently as possible and to provide excellent customer service to the current enrollees. And as part of the deeper analysis of the tech options, we will be looking at what sort of organization is necessary to support them.

If Cover Oregon moves the federal exchange will you still need to hire a new executive director?
Either technology option is going to require leadership and as part of deeper analysis we will look at what sort of organization is needed.

The Governor called for the resignation of Triz DelaRosa as well. Is she still there?
She is still at Cover Oregon and I'm not able to comment on personnel issues beyond that.

Services description from scope of work in contract:

1. Clyde Hamstreet will serve as the Cover Oregon's Chief Restructuring Officer to carry out the duties of Cover Oregon subject to policy direction by the Cover Oregon's Board and provide senior leadership in business operations, and oversight in planning and implementing an organizational restructuring until handoff to future executive director.

2. **Scope of Services:**
    a. Hamstreet shall review and provide comments and recommendations to the board with respect to the organizational, financial and operating policies, plans and programs of Cover Oregon. Hamstreet shall participate in any major decisions which might have a significant impact on such

policies, plans or programs or on the restructuring of the Cover Oregon.

b. Assess Cover Oregon's business operations, including but not limited to:
   i. Business mission (requirements of customers and business partners)
   ii. Current operating performance
   iii. Business organization structure
   iv. Management roles, responsibilities and reporting relationships
   v. Management accountability and authority
   vi. Management and staff resources
   vii. Management and staff development

c. Assess Cover Oregon's financial management, including but not limited to:
   i. Accounting controls
   ii. Periodic financial reporting
   iii. Budgeting and budget management

d. Based on its assessment and findings, Hamstreet will prepare and recommend to the board for its approval, a plan for restructuring Cover Oregon to efficiently and effectively carry out its obligations.

2. **Provide limited support the State of Oregon's website development project team**, including assistance with:
   i. Project requirements
   ii. Project communications
   iii. Project advice, as requested.
   iv. Perform other such work as the Board request.

3. Authority:

a. The Chief Restructuring Officer shall, subject to approval of the Board, have the authority to direct the implementation of Cover Oregon's restructuring.

From: Patricia McCaig [redacted]
Subject: Fwd Update
Date: April 10, 2014 8 15 11 AM PDT
To: Mike Bonetto [redacted]



FYI - you may have edits - I did my best in at 100,000 feet.
Patricia McCaig
[redacted]

Begin forwarded message:

From: Patricia McCaig [redacted]
Subject: Update
Date: April 9, 2014 4 59 48 PM PDT [redacted]
To: John Kitzhaber [redacted]

Governor, here's my update on progress on the IT decision and the Cover Oregon meeting tomorrow. I'm not sophisticated in healthcare/IT talk, but I think I can describe the general path. Let me start with the critical updates/conclusions from last night.

In a nutshell from last night (I know you'll have questions):

1. **Investing further in the Oregon option**. With more current information from Deloitte and the tech folks on the costs and complexity of the Oregon option, the consensus is to let it go. It's not just about the costs, it is also about the complexity, the number of unknowns, the calendar and the risks of failure. We don't see a path to save it.
2. **Utilizing another state's technology.** The Connecticut option is outside our budget by 2x or 3x, would require re-enrollment, may have medicaid issues, and doesn't offer us any substantial benefits and has substantial compatibility issues. The group recommends taking it off the table.
3. **Moving to the federal exchange.** The financial estimate for moving to the federal exchange on the Cover Oregon side is within the CO budget ($20 -$30 m). Moving Medicaid to OHA, same as current service - would cost approx. $ 20 million. Bruce believes the Feds would/could pay 70% of the $ 20m with existing authority. We would take the existing engine from CO and embed it at OHA. In terms of difficulty it "is not plug and play, and it is not sending a man to the moon "- doable. It would require re-enrollment for the CO side. (Checking on whether Medicaid needs to re-enroll, don't think so). The group would recommend transitioning to the federal exchange.
NEW INFORMATION! After working through this process and arriving at the federal exchange recommendation, Bruce shared that he had been in touch with Sebelius's staff yesterday about transitioning to the federal exchange and they had indicated that the feds MIGHT provide states the opportunity to maintain a state face, but use the the federal technology to enroll on health.gov. The state could be the entry way to the federal exchange and the state might be able to manage the market, certify the plans, have whatever plans we want. This is very preliminary (but encouraging?) and not for public discussion. Bruce, Sean, Mike are on it and waiting to brief you.
4. A final decision must be announced/made no later than the end of April, and if possible, sooner, in order to provide adequate time for developing, implementing and testing the technology.

MANAGING/STAGING THE DECISION

1. Bruce and Alex will present an update Thursday to the Cover Oregon Board on the IT options. They would reiterate the key assumptions: within budget and functional by November 2014 and then walk through the process to date, that identified 9, then 3 viable options. They would recommend taking Connecticut off the table, and walk through a matrix with criteria for the two remaining options ,the Oregon option and moving to the federal exchange. **They would conclude that they need more information/work on both options.**
2. The Cover Oregon Board would ask the IT committee to meet again, on Monday April 21st to roll up their sleeves and review additional information on just these two options.
3. The Cover Oregon Board would announce that the IT committee meeting would be public.
4. The CO board would suggest a CO Board meeting for later that same week (April 22, 23, 24) to review the recommendation.
5. In the intervening week before the IT meeting, your team would be working with the feds to explore the Oregon/Federal exchange elements/option, the tech team will be scouring anticipated questions on both the federal exchange and Deloitte's response to the Oregon option, and the communications team would be getting ready for the decision and be able to get ahead of it.
6. At the IT meeting on the April 21st it is likely the IT committee will recommend moving to the federal exchange
7. If there is progress on the Oregon/Fed exchange, we would create an announcement plan around it.
8. Regardless, the Cover Oregon Board would hear and accept the federal exchange recommendation April 22, 23, or 24.

Patricia McCaig
[redacted]

Message

From: Patricia McCaig [redacted]
Sent: 4/10/2014 9:53:03 PM
To: Rachel Wray [redacted]
CC: Mike Bonetto [redacted BONETTO PERSONAL EMAIL]; Dmitri [redacted PALMATEER PERSONAL EMAIL]
Subject: Re: revised TPs - PMC version

I think the sequencing is off and not direct enough. WAnt to make sure that Clyde and governor's response similar, ie, the governor called him directly.

What was the governor's involvement?

Consistent with the governor's response to the First Data Report, he reached out to Clyde Hamstreet to discuss possible steps to improve the organizational structure and staffing of Cover Oregon. Based on that conversation, the governor coordinated a meeting (s) with Bruce Goldberg, George Brown and Mike Jordan. Cover Oregon then continued discussions and ultimately decided to retain Hamstreet and Associates to provide recommendations/analysis on the organizational structure and staffing of Cover Oregon. This activity and scope of contract work is consistent with the process outlined when the governor accepted and responded to the First Data Response.

Patricia McCaig

[redacted]

On Apr 10, 2014, at 2:02 PM, Rachel Wray wrote:

Thx. Re: statement itself, seems like it really comes down to the last sentence in the first paragraph.

On Apr 10, 2014, at 1:57 PM, Mike Bonetto wrote:

Thx Rachel. Not sure we need to include the pieces highlighted in yellow...also made one small edit in second paragraph.

Statement:
As we heard from the Governor in March, he was taking specific steps to improve accountability and efficiency at Cover Oregon. Based on the First Data report, the Governor asked the Board to do a full assessment of the structure and staffing model of Cover Oregon. The Board responded to that directive by retaining Hamstreet & Associates to help with the assessment and ensure a smooth transition into next fall's open enrollment period. [The Board also contracted with Clyde Hamstreet to serve in the role of Chief Restructuring Officer. The Governor reached out to Clyde based on his experience

and background and coordinated a meeting with the Cover Oregon Board and staff.] The Governor supports the decision by the Cover Oregon Board to add this necessary expertise as the exchange moves forward.

If asked about Clyde:
Hamstreet & Assoc is a local company with a national reputation for providing restructuring guidance. The Governor is familiar with their work and [coordinated] convened a meeting with the Cover Oregon Board and Staff.

If asked about Bruce:
The Governor thanks Dr. Goldberg for his many years of public service to the state of Oregon. "Above all, Bruce has been a champion of delivering high quality health care to all Oregonians."

If asked about contracting:
Cover Oregon is acting with necessary urgency given the need to have an improved enrollment system for the next open enrollment period. The Governor supports the Board acting in the best interest of Oregonians to have a fully functional enrollment system for the exchange.

If asked about anything else:
Tell funny anecdote about skateboarder in full leather jumpsuit passing by Governor earlier today. No! Turn to Cover Oregon.

On Apr 10, 2014, at 12:41 PM, Dmitri wrote:

Call me ASAP

Sent from my iPhone

Begin forwarded message:
From: Patricia McCaig [redacted]
Date: April 10, 2014 at 6:53:47 AM PDT
To: Dmitri Palmateer PALMATEER PERSONAL EMAIL [redacted] Mike Bonetto BONETTO PERSONAL EMAIL [redacted]
Subject: HAMSTREET TALKING POINTS.doc

FYI need help with a few and who will respond.
<HAMSTREET TALKING POINTS.doc>

PMc

From: REEVES Liani * GOV [redacted]
Sent: 8/25/2014 8:35:34 PM +0000
To: PALMATEER Dmitri * GOV [redacted]
Subject: Fwd: Hamstreet contract
Attachments: Hamstreet Contract 14-0010B.pdf; ATT00001.htm

[redacted]

Begin forwarded message:

From: "Boss Frederick" [redacted]

To: "REEVES Liani * GOV" [redacted]

Cc: "UDLAND Lisa" <Lisa.UDLAND@state.or.us
"Lisa Kaner [redacted]

Subject: FW: Hamstreet contract

[redacted]

From: Anderson, Judith [redacted]
Sent: Thursday, May 01, 2014 4:27 PM
To: Boss Frederick
Subject: Hamstreet contract

[redacted]

Judith Anderson, JD| Operations/Contracts Advisor| Cover Oregon<file:///\\localhost\applewebdata\::FB57FFFE-0A41-404F-B0A8-

[redacted]

*****CONFIDENTIALITY NOTICE*****

This e-mail may contain information that is privileged, confidential, or

otherwise exempt from disclosure under applicable law. If you are not the addressee or it appears from the context or otherwise that you have received this e-mail in error, please advise me immediately by reply e-mail, keep the contents confidential, and immediately delete the message and any attachments from your system.

****



HAMSTREET

April 10, 2014

VIA EMAIL
Liz Baxter [redacted]
Chair, Board of Directors
Cover Oregon
16760 SW Upper Boones Ferry Rd.
Suite 200 |
Durham, OR 97224

Re: Retention of Clyde A. Hamstreet & Associates
Cover Oregon Contract No. 14-0010B

Dear Ms. Baxter:

1. Introduction

This letter confirms that we, Clyde A. Hamstreet & Associates, LLC ("Hamstreet, LLC") and Clyde Hamstreet individually ("Clyde Hamstreet"), have been retained by you, the Oregon Health Insurance Exchange Corporation (commonly known as Cover Oregon, a public corporation performing governmental functions), to provide certain financial, advisory and restructuring services (the "Services") set out below, to you and your entities (collectively, the "Corporation" or "Cover Oregon"). As used herein, "you, "your" and related terms will refer to the Corporation, "we," "ours" and "us" and related terms will refer to Hamstreet). As also used herein "Hamstreet" refers to Hamstreet, LLC and Clyde Hamstreet collectively) This letter of engagement, the attached Schedules and the related Terms and Conditions constitute the entire engagement agreement (this "Agreement" or the "Contract") pursuant to which such Services will be provided.

2. Scope of Services

The Corporation's board of directors (the "Board") has delegated to Clyde Hamstreet the powers and duties of the Executive Director of the Corporation and Hamstreet will perform those powers and duties subject to the terms and conditions of this Contract.

At the Board's direction, the scope of Services to be performed by Hamstreet, LLC will be related to assisting the Corporation organizational, financial and restructuring efforts that the Board requests from time to time. The Services, which are more fully outlined on Schedule A, are subject to change as mutually agreed between us.

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3. Fees and Expenses

Compensation for Services. As compensation for providing Services hereunder, the Corporation shall pay Hamstreet non-refundable professional fees based on an hourly rate schedule and the level of staff required to complete our Services plus reasonable out-of-pocket expenses. The scope of our Services, as well as the complexity and length of this project will be based on those tasks required and approved by the Corporation

Hamstreet's current hourly rate schedule is set forth on Schedule B. Hourly rates are generally reviewed and revised effective January 1 of each year. Services will be charged at the rates that are in effect at the time the Services are rendered. Adjustments to rates by classification shall be limited to once in any calendar year. Hamstreet shall provide 30 days written notice to Corporation of any increase in rates. Note that Hamstreet does not provide any assurance regarding the outcome of our work and our fees will not be contingent on the results of such work.

Monthly, Hamstreet shall issue invoices to Cover Oregon no later than the 5th of each month for professional services performed during the prior period and the Corporation shall pay the applicable fees for such professional services. Invoices shall be reviewed and approved by the Cover Oregon Board or Board member designee prior to payment. Invoices shall contain an itemized listing of the Work performed and/or delivered during the time period for which payment is sought, be accompanied by a progress report detailing the Work achieved during the invoice period, include the total payment requested by Hamstreet for such Work, the date(s) on which such Work was performed and/or delivered, the date Hamstreet issued the invoice, and the Contract number pursuant to which the Work was performed. Hamstreet shall email all invoices for payment and required progress reports to Cover Oregon at contracts@coveroregon.com. Cover Oregon will pay approved invoices received from Hamstreet within 30 days of receipt and approval thereof by Cover Oregon, without waiving any and all rights and remedies that may be available to Cover Oregon in accordance with federal, state, and/or local law. Notwithstanding, the foregoing or any other provision of this Contract, Cover Oregon may withhold payment or offset payment for erroneous invoices or for Services that do not meet the requirements and warranties of this Contract.

Hamstreet requests an initial retainer of $40,000.00 (the "Retainer"), which shall be paid by the Corporation prior to commencement of this engagement or within seven (7) days of the date hereof. Hamstreet will deposit the Retainer in its client deposit account and will withdraw amounts from the Retainer only in order to return it to Corporation or to apply it to amounts due to Hamstreet under this Agreement. If Corporation pays an invoice from Hamstreet after Hamstreet has applied funds from the Retainer to amounts due under that invoice, Hamstreet will deposit the lesser of the amount of the payment made or the amount withdrawn from the Retainer to its client deposit account. The Retainer is not intended to be an estimate for the total cost of the work to be performed.

Cover Oregon will not pay for any work performed by Hamstreet pursuant to the Contract prior to the date this Contract becomes effective, nor will Cover Oregon pay Hamstreet for any work it

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may perform after the date this Contract expires or is otherwise terminated in accordance with the terms and provisions set forth herein. The maximum, not-to-exceed compensation payable to Hamstreet under this Contract, which includes any allowable expenses, is $100,000.00. If the maximum compensation is increased by amendment of this Contract, the amendment must be fully effective before Hamstreet performs any additional work subject to the amendment.

Hamstreet reserves the right to suspend further Services until such time as payment is received on past due invoices. In the event that Hamstreet suspends its Services as permitted in this paragraph, Hamstreet shall not be responsible or liable for any resulting loss, damage or expense due to such suspension.

Out-of-Pocket Expenses. The Corporation agrees to reimburse Hamstreet for reasonable out-of-pocket expenses that are incurred in performing Services hereunder. Reimbursable expenses include, but are not limited to, airfare, meals, and hotel accommodations and other similar costs and expense. The reasonable fees and expenses of attorneys consulted or engaged by Hamstreet to assist it under this Agreement shall be reimbursable expenses. Services of other third parties consulted or engaged by Hamstreet to assist it under this Agreement shall be reimbursable expenses provided that such consultation or engagement has been approved by the Corporation. Hamstreet will not charge any markup, overhead, profit or other fees on the reimbursable expenses.

4. Limitations on Services

Hamstreet's Services are limited to those specifically described in this Agreement. Except as specifically described in Schedule A, Hamstreet's Services do not include accounting or tax related assistance or advisory services. Hamstreet will not be expressing any professional opinions on financial statements or performing attest procedures with respect to other information in conjunction with this engagement. Hamstreet's Services are not designed, nor should they be relied on, to disclose weaknesses in internal controls, financial statement errors, irregularities, or illegal acts. We will, however, inform you of any material irregularities or improper acts that come to our attention.

Notwithstanding anything in the Agreement to the contrary, Hamstreet's Services shall specifically exclude any services that would cause Hamstreet or any of the individuals listed on Schedule B to be a fiduciary within the meaning of the Employee Retirement Security Act of 1974, as amended ("ERISA"). Such excluded services include, but shall not be limited to, (i) the exercise of discretionary authority or control with respect to the management of any Corporation plan that is subject to ERISA ("ERISA Plans") or the management or disposition of its assets; (ii) the rendering of investment advice for a fee or other compensation, direct or indirect, with respect to any moneys or other property of Corporation's ERISA Plans, or the authority or responsibility to do so; or (iii) the discretionary authority or discretionary responsibility in the administration of any of Corporation's ERISA Plans. In no event shall Hamstreet or any of the individuals listed on Schedule B become a named fiduciary with respect to any ERISA Plans.

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5. Terms and Conditions

The attached Terms and Conditions set forth the duties of each party with respect to the Services. Further, this letter, the attached Schedules and the Terms and Conditions attached comprise the entire Agreement for the provision of the Services and they supersede all previous proposals, letters of engagement, undertakings, agreements, understandings, correspondence and other communications, whether written or oral, regarding the Services.

6. Personnel Issues

Clyde Hamstreet will coordinate all engagement matters on behalf of Hamstreet. All of Hamstreet, LLC employees, contractors and agents furnished by Hamstreet, LLC to perform the Services (collectively, "Hamstreet, LLC Personnel") are and will remain Hamstreet's agents and, under no circumstances, will any Hamstreet LLC Personnel be deemed to be Corporation's employees. Hamstreet, LLC is solely responsible, at Hamstreet, LLC's sole cost and expense, for (i) the fulfillment of all obligations to Hamstreet, LLC Personnel and (ii) the compliance by Hamstreet, LLC and Hamstreet, LLCs Personnel with this Agreement and all laws, regulations, orders and other governmental requirements applicable to performance of the Services. Hamstreet, LLC will require all Hamstreet, LLC Personnel who are performing any work on the Cover Oregon's premises to comply with all of Cover Oregon's regulations and policies as provided in writing by the Corporation to Hamstreet.

During the term of this engagement, and for a period of one year following its termination, the Corporation agrees that it will not directly solicit, employ or otherwise engage any Hamstreet Personnel (including former Hamstreet Personnel). Subject to the limitations of Article XI, section 7 of the Oregon Constitution and the Oregon Tort Claims Act, the Corporation further agrees that any violation of this Section 6 shall result in liquidated damages in the amount of 25% of the hired person's total compensation during their first year of employment by Corporation. Payment of liquidated damages for violation of this Section 7 may be billed and shall be payable as an additional reimbursable expense under this Agreement and shall not be subject to any requirement of advance authorization by Corporation or any other limitation that may apply to other fees and expenses payable to Hamstreet, LLC under this Agreement.

7. Acknowledgement and Acceptance

Please acknowledge your acceptance of the terms of this Agreement by signing both the confirmation below and the attached Terms and Conditions and returning a copy of each to us at the above address. This Agreement will become effective when (i) it has been duly executed by or on behalf of each party, (i) signed counterparts have been delivered to both parties, and (iii) the Retainer required by Section 3 above has been paid by the Corporation to Hamstreet. Electronic transmission of a signed signature page will be the same as delivery of a manually signed counterpart hereof.

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If you have any questions regarding this Agreement, the Schedules or the attached Terms and Conditions, please do not hesitate to contact me at [redacted]

Yours faithfully,

CLYDE A. HAMSTREET & ASSOCIATES, LLC

By: _____
Clyde Hamstreet
Managing Member

CLYDE A. HAMSTREET, in his individual capacity

_____

OREGON HEALTH INSURANCE EXCHANGE CORPORATION, an Oregon Public Corporation

By: _____

Liz Baxter, Chair
Board of Directors

Attachment – Terms and Conditions
Schedule A – Services
Schedule B – Hourly Rates

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HAMSTREET

CLYDE A. HAMSTREET & ASSOCIATES, LLC
TERMS AND CONDITIONS

The following are the Terms and Conditions on which Hamstreet will provide the Services to the Corporation set forth within the attached letter of engagement dated as of April 1, 2014 (together with the Schedules thereto, this "Agreement"). Capitalized terms used herein shall have the meanings given them in the letter of engagement unless otherwise defined herein.

This Contract is effective on the date it has been fully executed by each and every party hereto. Unless otherwise extended or terminated earlier in accordance with its terms, this Contract shall expire on July 1, 2014. Contract termination shall not extinguish or prejudice Cover Oregon's right to enforce this Contract with respect to any default by Hamstreet that has not been cured.

1. Work Product

1.1 Deliverables. Materials or reports prepared in connection with Hamstreet's engagement hereunder ("Deliverables") may contain factual data, the interpretation of which may change over time as more information becomes available. Except as specifically directed by the Board, it is understood and acknowledged that Hamstreet shall not have an obligation to update the Deliverables as part of its Services hereunder in the event of such a change. Hamstreet will communicate its findings and observations, together with any recommendations, solely to the Corporation unless otherwise directed by the Corporation. Any decisions to implement such recommendations will be solely that of the Corporation.

1.2 Ownership of Deliverables.. Unless otherwise specified herein, on full payment for the Services, Hamstreet hereby assigns to the Corporation any and all rights, title and interest, including, without limitation, copyrights, trade secrets and proprietary rights to the Deliverables). The Deliverables shall be deemed to be "works made for hire" under the federal copyright laws. In the event that Deliverables include third party intellectual property, Hamstreet shall secure on Corporation's behalf ownership such intellectual property or subject to Corporations' approval, a license to the third party intellectual property sufficient to fulfill the business objectives, requirements and specifications identified in this Contract

2. Reports and Advice

2.1 Reliance on Drafts. You acknowledge that no reliance shall be placed on draft reports, conclusions or advice, whether oral or written, issued by us as the same may be subject to further work, revision and other factors, which may mean that such drafts are substantially different from any final report or advice issued.

2.2 Our Responsibility for Final Reports. In the event Hamstreet will be acting as independent experts, our reports or advice must be objective and impartial. While we will be

[redacted]

prepared to discuss draft reports, which do not constitute our final opinion, the content of our final report is a matter for us alone.

2.3 Use and Purpose of Advice and Reports. The Corporation acknowledges that all information (written or oral), including Deliverables, generated by Hamstreet in connection with this engagement is intended solely for the benefit and use of the Corporation (limited to its management) in connection with the purpose in respect of which the Services are provided. Unless required by law, the Corporation agrees that no such information shall be used for any other purpose. In no event, regardless of whether consent has been provided, shall Hamstreet assume any responsibility to any third party to which any advice or report is disclosed or otherwise made available.

2.4 Public Records Law. Cover Oregon is subject to the Oregon Public Records Law (ORS §§192.410 to 192.505), which requires Cover Oregon to disclose all records generated or received in the transaction of corporate business, except as expressly exempted in ORS §§192.501, 192.502, or other applicable law. Accordingly, all documents submitted by Hamstreet to Cover Oregon in connection with and/or related to this Contract shall become public records, subject to disclosure, unless exempt from disclosure pursuant to the Oregon Public Records Law and/or as otherwise stated in this subsection. Cover Oregon reserves the right to disclose information that Cover Oregon determines, in its sole discretion, is not exempt from disclosure or that Cover Oregon is directed to disclose by an independent auditing entity, the Oregon Secretary of State's office, the Oregon Department of Justice, or a court of competent jurisdiction. Cover Oregon shall make reasonable efforts to notify Hamstreet of information that shall be disclosed, prior to disclosure.

2.5 Testimony. Except for testimony which is within the scope of Services set forth on Schedule A for which Hamstreet will be compensated as provided herein, if Hamstreet is required in any legal proceeding to deliver testimony in connection with the Services provided under this Agreement, the Corporation agrees to pay Hamstreet a fee at Hamstreet's then prevailing hourly rates, in addition to the fees and expenses of outside counsel retained by Hamstreet to advise it in connection with such testimony and other reimbursable expenses incurred by Hamstreet in connection with the testimony. Notwithstanding the foregoing in this section 2.5, the Corporation will have no obligation to compensate or reimburse Hamstreet when the parties are adverse parties in litigation, appeals, mediation or arbitration."

3. Information and Assistance

3.1 Provision of Information and Assistance. Our performance of the Services is dependent on the Corporation providing us with such information and assistance as Hamstreet may reasonably require from time to time.

3.2 Punctual and Accurate Information. The Corporation's personnel shall use reasonable skill, care and attention to ensure that all information Hamstreet may reasonably require is provided on a timely basis and is accurate and complete and relevant for the purpose

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for which it is required. Hamstreet shall have access to all necessary personnel, assets, properties, books, and records of and advisors to the Corporation as is available to the Chief Executive Officer and Chief Financial Officer of the Corporation (or equivalent positions). All information made available to Hamstreet by the Corporation will, to the best of the Corporation's knowledge, be complete and correct in all material respects. During the term of this Contract you shall also notify Hamstreet if you subsequently learn that any information provided to us is incorrect or inaccurate or otherwise should not be relied on.

3.3 No Assurance on Financial Data. While our work may include an analysis of financial and accounting data, the Services will not include an audit, compilation or review of any kind of any financial statements or components thereof. Corporation management will be responsible for any and all financial information they provide to us during the course of this engagement, and Hamstreet will not examine or compile or verify any such financial information. Moreover, the circumstances of the engagement may cause our advice to be limited in certain respects based on, among other matters, the extent of sufficient and available data and the opportunity for supporting investigations in the time period. Accordingly, as part of this engagement, Hamstreet will not express any opinion or other form of assurance on financial statements of the Corporation.

3.4 Prospective Financial Information. In the event the Services involve prospective financial information, our work will not constitute an examination or compilation, or apply agreed-on procedures, in accordance with standards established by the American Institute of Certified Public Accountants or otherwise, and Hamstreet will express no assurance of any kind on such information. There will usually be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We will take no responsibility for the achievability of results or events projected or anticipated by the management of the Corporation.

4. Warranty

4.1 Standard of Performance. Hamstreet represents and warrants that all Services shall be performed in accordance with standards of skill and care generally observed by "restructuring" consultants of recognized national standing in the United States.

4.2 Limited Warranty. THE ABOVE WARRANTY IS OUR ONLY WARRANTY CONCERNING THE SERVICES AND ANY DELIVERABLES, AND IS MADE EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES AND REPRESENTATIONS. EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, OR OTHERWISE, ALL OF WHICH ARE HEREBY DISCLAIMED.

4.3 Remedy for Breach of Warranty. Hamstreet's sole obligation will be to correct any non-conformance with this warranty, provided that you give us written notice within 60 days after the Services are performed or, if applicable, Deliverables are delivered. The notice will

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specify and detail the non-conformance and Hamstreet will have a reasonable amount of time, based on its severity and complexity, to correct the non-conformance.

5. Confidentiality of Information

5.1 All information obtained by the Hamstreet shall be treated as privileged communications, shall be held confidential, and shall not be divulged without the written consent of Cover Oregon except as required by other terms of this Contract.

5.2. The use or disclosure of information concerning Cover Oregon shall be limited to persons directly connected with the administration of this Contract. Confidentiality policies shall be applied to all requests from outside sources.

5.3 Cover Oregon, Hamstreet and any subcontractor will share information as necessary to effectively serve Cover Oregon.

5.4 Any federal or state tax return or return information, as defined by 26 U.S.C. Section 6103(b), as stated and as revised to render such definition applicable to the State of Oregon, (collectively "Tax Return Information") made available to Hamstreet pursuant to this Contract, from any source, shall be used only for the purpose of carrying out the provisions of this Contract. Tax Return Information contained in any such material shall be treated as confidential and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of this Contract and as permitted by federal or state law, as applicable. Inspection by or disclosure to anyone other than an officer or employee of Hamstreet is prohibited. All Tax Return Information will be accounted for upon receipt and properly stored before, during, and after processing to ensure the appropriate and required measures of confidentiality. In addition, all related output and products will be given the same level of protection as required for the source material. Should Hamstreet seek to subcontract Services to a third party, in full or in part, Hamstreet shall notify Cover Oregon if the intended subcontract will require disclosure of any Tax Return Information as part of the approval process identified in Section 19.1 of the General Terms and Conditions of the Contract.

5.5. Identity Theft. In the performance of the contract, Hamstreet may have possession or access to documents, records or items that contain "Personal Information" as that term is used in ORS 646A.602(11), including Social Security numbers. Personal Information is a type of Confidential Information that is highly sensitive and subject to additional protection. Therefore, prior to the receipt of, and during the period in which Hamstreet has possession of or access to, any Personal Information, Hamstreet shall have in place, a formal written information security program that provides safeguards to protect Personal Information from loss, theft, and disclosure to unauthorized persons, as required by the Oregon Consumer Identity Theft Protection Act, ORS 646A.600-646A.628. Hamstreet shall promptly report to the Corporation any breach of security, use, disclosure, theft, loss, or other unauthorized access of any document, record, compilation of information or other item that contains Personal Information to which the Hamstreet receives access, possession, custody or control in the performance of this Contract.

6. Termination

6.1 Termination of Engagement. The Corporation may terminate this Agreement as to Hamstreet, LLC at any time for any or no reason whatsoever by giving written notice to Hamstreet, LLC. The Corporation may terminate this contract as to Clyde Hamstreet in accord with ORS Chapter 741. Hamstreet may terminate this Agreement, by giving written notice to the Corporation, if the Corporation fails to pay when due any amount owing to Hamstreet, if the Corporation fails to cooperate with Hamstreet or to disclose material information, or if for any other reason Hamstreet believes it is unable to effectively perform the Services or continue an effective relationship with the Corporation. Unless a different date is specified in the notice, this Agreement will terminate effective as of the date the notice is actually received by the party to whom the notice is given.

6.2 Effect of Termination. Upon the termination of this Agreement, Hamstreet will promptly generate a final invoice, which the Corporation shall pay within seven (7) days of the invoice date to the extent not paid from any unused portion of the Retainer, and Hamstreet will return to the Corporation any portion of the Retainer that is not used to pay amounts owing by the Corporation to Hamstreet. The terms of this Agreement that by their context are intended to be performed after termination of this Agreement will survive such termination and continue to bind the parties. Without limiting the generality of the preceding sentence, the covenant in Section 7 of the letter of engagement and Sections 5 through 11 of these Terms and Conditions will survive the termination of this Agreement, in each case subject only to applicable statutes of limitation.

7. Indemnification

7.1 Indemnification by Hamstreet

7.1.1 Indemnification. Except as provided in Section 7.1.3, Hamstreet shall defend, save, hold harmless, and indemnify the state of Oregon and Corporation and their officers, employees and agents from and against all tort claims as defined in ORS 30.260(8), and all such suits, actions, losses, damages, liabilities, costs, and expenses (collectively, "tort claims") of resulting from, arising out of, or relating to the activities of Hamstreet or Hamstreet, LLC Personnel under this Contract.

7.1.2 In performing the indemnification obligation in section 7.1.1, Hamstreet shall select legal counsel reasonably acceptable to the Oregon Attorney General to act in the name of, or represent the interest of, the state of Oregon, Corporation or their officers, employees and agents. Such legal counsel must accept appointment as a Special Assistant Attorney General under ORS Chapter 180 before such action or representation. Further, the state of Oregon acting by and through its Department of Justice, may assume its own defense, including that of its officers, employees and agents, at any time when in the state of Oregon's sole discretion it determines that (1) proposed counsel is prohibited from the particular representation contemplated; (2) counsel is not adequately defending the interests of the state of Oregon or its

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officers, employees and agents; (3) important governmental interests are at stake; or (4) the best interests of this date of Oregon are served thereby. Hamstreet's obligation to pay for all costs and expenses shall include those incurred by the state of Oregon in assuming its own defense or that of its officers, employees, and agents under (1) and (2) above. Further, Hamstreet is not authorized to settle or compromise any claim referenced in this section without the expressed written consent of the Oregon Attorney General.

7.1.3. The foregoing indemnity provision in section 7.1.1 will have no effect with respect to tort claims covered by indemnity by the state of Oregon under section 7.2, provided that Hamstreet (1) promptly reports any such claim or occurrence that could give rise to a claim in writing to Risk Management Division, 1225 Ferry St. SE., U150, Salem, OR 97301-7337 (or any subsequent address of such division); and (2) cooperates fully in the investigation and defense of any claim.

7.2 Indemnification by the State of Oregon and the Corporation

7.2.1 Indemnification for Hamstreet Activities. From funds available in that portion of the Insurance Fund dedicated for state insurance programs, the state of Oregon, acting by and through its Department of Administrative Services (DAS), shall defend and indemnify Hamstreet and Hamstreet, LLC Personnel up to the limits for tort claims against the state of Oregon, as specified in ORS 30.271 and 30.273 (including the costs of defense), for all claims for torts committed or alleged to have been committed by Hamstreet or Hamstreet, LLC Personnel in the course of their delivery of Services under this Agreement. Notwithstanding the foregoing, the state of Oregon shall have no obligation to indemnify Hamstreet or Hamstreet, LLC Personnel to the extent the claims arise from the gross negligence or willful misconduct of Hamstreet, its officers, employees, subcontractors, or agents under this Contract. Subject to the monetary limits stated above, Hamstreet and Hamstreet, LLC Personnel are entitled to the same defense and indemnification rights afforded to qualifying agents of the Corporation under ORS 30.260 to 30.300. However, none of the terms of this Agreement are intended to, and none do, make Hamstreet or Hamstreet, LLC Personnel the agents or employees of Corporation, DAS, or the state of Oregon generally.

7.2.2 Indemnification for State Activities. To the extent permitted by Article XI, section 7 of the Oregon Constitution and by the Oregon Tort Claims Act (ORS 30.260 through 30.300) the Corporation will indemnify Hamstreet and Hamstreet, LLC Personnel against any and all claims relating to intellectual property infringement, bodily injury or death of any person, or damage to real or tangible personal property arising from the state's activity under this Contract.

8. Liability Limitation; Waiver of Jury Trial

8.1 Limitation of Liability. The Corporation agrees that neither Hamstreet nor any Hamstreet, LLC Personnel shall have any liability to the Corporation or to any third party as a result of the Corporation's retention of Hamstreet, the execution and delivery of this Agreement,

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the provision of Services or other matters relating to or arising from this Agreement, other than liabilities that shall have been determined by a final non-appealable order of a court of competent jurisdiction, including administrative bodies, to have resulted from the gross negligence or willful misconduct of Hamstreet or Hamstreet, LLC Personnel in respect of whom such liability is asserted. Except for liabilities incurred by Hamstreet under section 7.1, neither Hamstreet nor any Hamstreet, LLC Personnel shall be liable for consequential, indirect or punitive damages, damages for lost profits or opportunities or other like damages or claims of any kind. Except for liabilities incurred by Hamstreet under section 7.1, neither Hamstreet nor Hamstreet, LLC Personnel shall be liable to the Corporation for an amount which in the aggregate exceeds the total amount of compensation actually received by Hamstreet under this Agreement.

8.2 Liability for Delay. Neither of us will be liable for any delays or failures in performance due to circumstances beyond our reasonable control.

8.3 Waiver of Jury Trial. SUBJECT TO THE PROVISIONS OF SECTION 10, TO FACILITATE JUDICIAL RESOLUTION AND SAVE TIME AND EXPENSE, THE CORPORATION AND HAMSTREET IRREVOCABLY AND UNCONDITIONALLY AGREE NOT TO DEMAND A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THE SERVICES OR THIS AGREEMENT.

9. Governing Law and Jurisdiction. Any claim, action, suit, or proceeding (collectively, "Claim") between Agency (or any other agency or department of the State of Oregon) and Hamstreet that arises from or relates to this Contract shall be brought and conducted solely and exclusively within the Circuit Court of Marion County for the State of Oregon; provided, however, if a Claim must be brought in a federal forum, then it shall be brought and conducted solely and exclusively within the United States District Court for the District of Oregon. In no event shall this section be construed as a waiver by the State of Oregon of any form of defense or immunity, whether sovereign immunity, governmental immunity, immunity based on the eleventh amendment to the Constitution of the United States or otherwise, from any claim or from the jurisdiction of any court. The parties submit to the jurisdiction of such courts and irrevocably waive any right they may have to object to any action being brought in these courts, to claim that the action has been brought in an inconvenient forum or to claim that those courts do not have jurisdiction.

10. Reserved

11. Miscellaneous Provisions

11.1 Assignment. This Agreement shall inure to the benefit of the parties and their respective successors and permitted assigns. Neither party may assign this Agreement, in whole or in part, without the prior written consent of the other. Any attempt to make such an assignment shall be void.

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11.2 Complete Agreement. This Agreement constitutes the complete agreement and understanding between the parties and supersedes all prior agreements and understandings between the parties with respect to the subject matter hereof. This Agreement may be modified only by a writing, signed by both parties, which specifically identifies this Agreement by name and date.

11.3 No Third Party Benefit. This Agreement is made solely for the benefit of the parties hereto, and no third party shall acquire any claim against Hamstreet as a result of this Agreement.

11.4 Invalidity; Severability. If any provisions of this Agreement shall for any reason be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed to give effect as nearly as possible to the intent of the parties. The parties agree to work together to replace such invalid, illegal or unenforceable provision as promptly as possible with a provision that is valid, legal and enforceable.

11.5 Construction. The parties acknowledge that this Agreement was the subject of fair negotiation between the parties. Neither party shall be considered the "drafter" of this Agreement for the purpose of construing any of its terms and conditions.

11.6 Headings. Section headings and numbers are provided for convenience only, and shall not affect the construction or interpretation of this Agreement.

11.7 Days. References to "days" or a "day" shall mean a calendar day, unless otherwise stated.

11.8 Notices. Any notice or communication required to be given by a party under this Agreement shall be in writing and shall be hand delivered or sent by certified mail, return receipt requested, or by confirmed facsimile transmission to the other party.

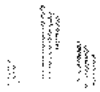
11.9 Advertisement. Hamstreet is authorized, at its expense, to place a customary "tombstone" advertisement or similar announcement with respect to its engagement hereunder in such form and in such media as Hamstreet deems appropriate.

11.10 Subcontracts.. Hamstreet shall not enter into any subcontracts for any of the Services required by this Contract without the Corporation's prior written consent. Any proposed use of a subcontractor which is located outside the United States or use of subcontract labor or facilities located outside the United States must be called to the specific attention of the Corporation. The Corporation's consent to any subcontract or assignment shall be timely and not unreasonably withheld. The Corporation's consent to a subcontract does not relieve Hamstreet of any of its duties or obligations under this Contract.

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11.11 Counterparts. This Agreement may be executed in any number of counterparts (including facsimile or electronic portable document format counterparts), each of which will be deemed an original and all of which taken together will constitute one and the same document.

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HAMSTREET

SCHEDULE A

Services

1. **Scope of Service, Clyde Hamstreet:**
   a. Clyde Hamstreet, as delegated by the Cover Oregon Board shall perform the duties of and have the powers of the Cover Oregon Executive Director pursuant to ORS 741.201 and subject to policy direction by the Cover Oregon's Board

2. **Scope of Services, Hamstreet, LLC**

   Hamstreet, LLC shall provide the following services:

   a. Assist the Corporation by providing leadership in business operations, and oversight in planning and implementing an organizational restructuring until handoff to future executive director.
   b. Review and provide comments and recommendations to the board with respect to the organizational, financial and operating policies, plans and programs of Cover Oregon. Hamstreet, LLC may with approval of the board participate in any major decisions which might have a significant impact on such policies, plans or programs or on the restructuring of the Cover Oregon.

   c. **Assess Cover Oregon's business operations**, including but not limited to:
      i. Business mission (requirements of customers and business partners)
      ii. Current operating performance
      iii. Business organization structure
      iv. Management roles, responsibilities and reporting relationships
      v. Management accountability and authority
      vi. Management and staff resources
      vii. Management and staff development

   Draft Report due

   Review comments from Corporation due

   Final Report due

   d. **Assess Cover Oregon's financial management**, including but not limited to:
      i. Accounting controls
      ii. Periodic financial reporting
      iii. Budgeting and budget management

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3.

Draft Report due

Review comments from Corporation due

Final Report due

a. Based on its assessment and findings, Hamstreet will prepare and recommend to the board for its approval, a plan for restructuring Cover Oregon to efficiently and effectively carry out its obligations.

Draft Report due

Review comments from Corporation due

Final Report due

b. Provide limited support to the State of Oregon's website development project team, including assistance with:
   i. Project requirements
   ii. Project communications
   iii. Project advice, as requested.
   iv. Perform other such work as the Board requests.

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HAMSTREET

SCHEDULE B

State of Oregon Hourly Rates

Consultant	State of Oregon Hourly Rates*
Clyde Hamstreet	$ 300
Mark Schmidt	$ 260
Maren Cohen	$ 240
Shirley Dunn	$ 275
Hannah Schmidt	$ 210

Note: Two Hamstreet Consultants live a significant distance from Corporation and will have expenses for travel, lodging and meals. Lodging, meals and incidental expense will be billed at cost and will not exceed GSA's FY2014 per diem rates and travel will not exceed GSA's mileage reimbursement rates. All travel expenses will be paid in accordance with HHS regulations at 45 CFR Part 92 Subpart C Section 92.22(43) (OMB Circular A-87).

*The hourly rates for services provided to the Oregon Health Insurance Exchange Corporation for this engagement are below those we charge our for profit clients and are not reflective of our standard hourly rates for corporate or bankruptcy engagements.

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HAMSTREET

SCHEDULE C
Insurance requirements

Required Insurance: Unless otherwise agreed upon pursuant to Cover Oregon's sole discretion, Hamstreet shall, at all times during which this Contract is in effect, and at Hamstreet's sole expense, procure and maintain insurance on all its operations, including but not limited to all work performed by Hamstreet, and its employees and agents, pursuant to and/or in connection with this Contract, with insurance companies that are acceptable to Cover Oregon, have no less than an A- rating by A.M. Best, and are authorized to transact the business of insurance and issue coverage within the State of Oregon, as follows:

1. WORKERS COMPENSATION

1.1 All employers, including Hamstreet, that employ subject workers, as defined in ORS 656.027, shall comply with ORS 656.017 and shall provide Workers' Compensation Insurance coverage for those workers, unless they meet the requirement for an exemption under ORS 656.126(2). Hamstreet shall require and ensure that each of its subcontractors complies with these requirements.

2. PROFESSIONAL LIABILITY / ERRORS AND OMISSIONS

2.1 Hamstreet shall procure and maintain, at its sole expense, for the entire duration this Contract is in effect, Professional Liability Insurance or Errors and Omissions Insurance covering any damages caused by an error, omission or any negligent acts of the Hamstreet, and its agents, officers, and employees, that are related to the services to be provided under this Contract. Such insurance shall contain coverages and limits of liability that are satisfactory to Cover Oregon, consistent with industry standards as they relate to the Work being performed and/or services provided by Hamstreet and their employees and/or agents, in annual amounts not less than:

$1,000,000 per occurrence for any single claimant;

$1,000,000 per occurrence for any multiple claimant; and

$1,000,000 general aggregate.

3. COMMERCIAL GENERAL LIABILITY

3.1 Hamstreet shall procure and maintain, at its sole expense, for the entire duration this Contract is in effect, Commercial General Liability insurance covering bodily injury and property damage in a form and with coverages that are satisfactory to Cover Oregon. This insurance shall include personal and advertising injury liability, products and completed operations. Such insurance shall be in a form and have coverages and limits that are

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satisfactory to Cover Oregon, consistent with industry standards as they relate to the work being performed and/or services being provided by Hamstreet, and shall be written on an occurrence basis. Notwithstanding the foregoing, the policy shall have annual limits in amounts not less than the following:

$2,000,000 per occurrence (combined single claimant for bodily injury and property damage);

$2,000,000 per occurrence (combined multiple claimant for bodily injury and property damage);and

$2,000,000 general aggregate.

4. AUTOMOBILE LIABILITY INSURANCE

4.1 Hamstreet shall procure and maintain, at its sole expense, for the entire duration this Contract is in effect, Automobile Liability Insurance covering all owned, non-owned, or hired vehicles. This coverage may be written in combination with the Commercial General Liability Insurance (with separate limits for "Commercial General Liability" and "Automobile Liability"). Hamstreet shall provide proof of insurance of not less than the following amounts as determined by Cover Oregon:

$1,000,000 per occurrence (combined single claimant for bodily injury and property damage);

$2,000,000 per occurrence (combined multiple claimant for bodily injury and property damage); and

$2,000,000 general aggregate.

5. ADDITIONAL INSURED

5.1 The Commercial General Liability Insurance and the Automobile Liability Insurance policies that Hamstreet is required to procure and maintain pursuant to the terms and conditions of this Contract shall name the Oregon Health Insurance Exchange (dba Cover Oregon), the State of Oregon, and their respective board members, officers, employees, and agents as additional insureds, with respect to Hamstreet's activities to be performed under this Contract. Such coverage shall be primary and non-contributory with any other insurance and self-insurance.

6. NOTICE OF CANCELLATION OR CHANGE

6.1 There shall be no cancellation, material change, potential exhaustion of aggregate limits or non-renewal of insurance coverage(s) without 60 days' written notice from Hamstreet or its insurer(s) to Cover Oregon. Any failure to comply with the reporting provisions of this

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clause shall constitute a material breach of Contract and shall be grounds for immediate termination of this Contract by Cover Oregon.

7. PROOF OF INSURANCE

7.1 Hamstreet shall provide to Cover Oregon proof of all required insurance no later than 10 business days after the execution of the Contract. Hamstreet shall pay for all deductibles, self-insured retention and self-insurance, if any. Hamstreet's failure to provide full and complete proof of insurance, with the coverages and minimum limitations required by this Contract, within 10 business days of the date this Contract becomes effective, shall be deemed a material breach of the Contract.

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Message

From: Patricia McCaig [redacted]
Sent: 4/4/2014 11:10:02 PM
To: BONETTO PERSONAL EMAIL [redacted]
Subject: Re: observations

nicely done.

Patricia McCaig

[redacted]

On Apr 4, 2014, at 3:56 PM, Gmail wrote:

Following up from call with Bruce, Clyde, Jordan and George Brown. Key takeaways below...

1) Revising contract now to have Hamstreet assuming executive role and reporting to the board....and ensuring that there is board oversight and invoice approval for the contract. Bruce would step down effective next week after board meeting...and be available as needed.

2) I will send you the next version of the contract (my guess is this weekend) for your review.

3) Timing of roll out will be focused on next Thursday's board mtg. Next steps will be for Liz to communicate to CO board that she has asked George to put together a proposal for executive transition (since he's leading the recruitment process for the next ED). George would present the Hamstreet contract and transition at the board meeting and ask for board approval.

On Apr 4, 2014, at 7:22 AM, Patricia McCaig [redacted] wrote:

All tracking. Phew. Thanks.

PMc

On Apr 4, 2014, at 12:28 AM, BONETTO PERSONAL EMAIL [redacted] wrote:
Thanks...this is aligned with what I have set up. Thinking we have a 2 step decision process at the moment. 1) How to handle Hamstreet contract and Bruce's exist....and 2) Decision on IT platform.

1) I've talked with Bruce and he's ready to step down next week if that's final decision....and to stay on for 1-2 weeks for any transition if needed.

2) I have a call scheduled at 1:00 tomorrow with Bruce, Hamstreet, Jordan, Liz Baxter and George Brown to get clarity on 1) who Clyde will actually be reporting to, 2) who will be signing the contract and 3) the roll out of introducing Clyde.

Bottom line -- Clyde will take his lead from Governor...so if we want Bruce to step down next week - and have the Board own the contact...we should have Governor call Clyde after our 11:15 call.

3) I talked with George Brown about the board needing to be in charge of Hamstreet contract...he agrees. I'm talking to Liz Baxter tomorrow morning about this as well. I think preference would be to have Liz as board chair sign the contract.

4) I have several key things below identified by Jordan's team that need to be addressed in the contract and that we'll look to get clarity on tomorrow:

- Initial concern is that this seems to essentially a time and materials contract with somewhat nebulous deliverables and no real milestones. There is a not to exceed cap of $100K – but is there any method to manage that cost? Are they prepping restructure to hand off to a new ED...and if so, are they going to burn that down in 3-4 months? or a year?

- The contract is written as an "hourly plus expenses" contract as opposed to a "deliverables" based contract. The not-to-exceed value of the contract, including expenses, is $100,000.
- There is no assurance that the work will be completed within the budget allowed
- There are multiple types of expenses identified, with no estimates of the cost and clear path for pre-approval by Cover Oregon
(examples: outside attorneys retained by Hamstreet, 3rd party consultants retained by Hamstreet, travel expenses for Hamstreet and their subcontractors)

- The compensation structure offers little budgetary or financial control for Cover Oregon
- $40,000 retainer fee (this is 40% of the value of the contract).
- Hamstreet may draw down from the retainer for amounts it believes are due. There are no deliverables for Cover Oregon to accept, and there is no provision for Cover Oregon to review or "accept" the invoice as accurate before the payment becomes due

- The contract as written encroaches on an employment relationship with Mr. Hamstreet:
Primarily of concern is that Mr. Hamstreet is identified as the "Chief Restructuring Officer" who will, among other duties:
- Participate in major decisions of Cover Oregon
- Provide senior leadership in business operations
- Have authority to direct the implementation of the restructuring

4) We'll need to make a decision on how we want to handle next Thursday's Cover Oregon board mtg probably by next Monday. We could slow walk this through the end of open enrollment before making any decision public. This would mean that Hamstreet and Alex would need to execute the contract with Deloitte to become the system integrator before having anything go before the board. Just need to think through if that decision should go to the board prior to signing. May be able to say that Deloitte will be needed in that role for either decision (state-based vs. federal)...so management team needed to execute contract immediately.

On Apr 3, 2014, at 9:36 PM, Patricia McCaig [redacted] wrote:

Mike, just some preliminary observations to help discussions

Patricia McCaig

[redacted]

<Observations.docx>

Message

From: Mike Bonetto [BONETTO PERSONAL EMAIL]
Sent: 3/21/2014 2:09:51 AM
To: Tim Raphael [RAPHAEL PERSONAL EMAIL]
CC: Mark Wiener [redacted]; [LOOPER CONSULTANT EMAIL]
Subject: Re: 7am Friday debrief

Yep...I'll be on...thx

Sent from my iPhone

> On Mar 20, 2014, at 7:05 PM, Tim Raphael [RAPHAEL PERSONAL EMAIL] wrote:
>
> I think we need this guys...next steps, clean up, etc....and my last chance to talk before being away for a week...
> Key questions:
> How do we complete the pivot for JK and get him out of day to day at CO?
> What's next at CO? Personnel, extension, enrollment, technology...
> What's next on other Gov office initiatives?
>
> Tim Raphael
> [redacted]
> [redacted]

From: Tim Raphael [RAPHAEL CONSULTANT EMAIL]
Subject: next steps
Date: March 21, 2014 7:49:24 AM PDT
To: Patricia McCaig [redacted]
Cc: Mark Wiener [redacted], [redacted]
[LOOPER CONSULTANT EMAIL]

1 Attachment, 4 KB

Patricia,
Just got off the phone with Mark, Kevin and Mike. Made a push on completing the pivot for the Governor, getting him out of day-to-day decision making at CO. Mike said he agrees, but I'm not convinced he gets what that means or what it is going to take.
The Governor is meeting with George Brown today about next steps on technology, leadership, etc. Mike thinks day to day at CO is OK with Bruce and Aaron. Triz is shocked and could leave. I don't know how to predict what Oracle might do. Priority next steps include:

- technology decision - ensuring there is a rock solid process to bring the Governor a recommendation (within 2 weeks?) to determine the technology route. All tech options take time, and fall enrollment is already in jeopardy
- strategic communications calendar - Nkenge is on point (working with Duke and Dmitri) to produce a 3-month calendar with proactive comms opportunities for the Governor...Everyone agrees that by Tuesday's campaign meeting, Nkenge should have something on paper...this needs attention/help...would be great to build on our smidgen of momentum and get the Governor in front of the right audiences to deliver a health care and other policy speeches that remind people where we are going and how good the Gov is at setting that direction...rebuild his confidence, etc.
- enrollment extension - announcement next week (monday?) that we will be granted April special enrollment period...JK won't be here, but it is another victory we should broadcast and build on
- enrollment goals - we still don't have clarity on what are targets are or need to be for the sustainability of CO...also dictates what should be on the table for maximizing enrollment in April...how to work with Patty on what level of advertising/marketing we should be doing to drive enrollment at CO and what

the downside of raising the profile of CO again??? Also, the public website going live is still and option, and we need to make a decision about spiking it or using it soon.

- Michael Jordan - Bonetto says they are already talking about an expanded management role...taking on procurement issues, etc. I have no clue how this is integrated into other CO decision making...assume there has been little thought so far
- Lawson - Looper concerned about ongoing hits. Recommending probing whether there are easy ways to make her go away...not sure of next steps..

Mark, Kevin...other thoughts?

See you guys on March 31!
Best,
Tim



[redacted]
Senior Vice President
[redacted]

Message

From: John Kitzhaber [redacted]
Sent: 3/22/2014 5:38:30 PM
To: Mike Bonetto [BONETTO PERSONAL EMAIL]
Subject: Internal Advisory

Mike,

I met with George Brown and Liz Baxter on March 14. I assume they were reflecting the views of the Technology Team when they said that there is no leadership at Cover Oregon; there is a lack of trust and confidence at both the CCO and CIO level. I was at once urged to discharge them both and warned that firing them without having ready replacements could further undermine an already dysfunctional organization.

The plan was to discharge them but to bring in a "back up team." This has not come together and yet Thursday I made the announcement to replace the COO and CIO. I have been stewing on all of this since our meeting yesterday morning. I feel like I am getting conflicting view points and advice from many quarters (all well intentioned) and that there is no clear pathway to a definitive decision.

I am not going to second guess the decision to replace the CIO and COO. That needed to happen. More importantly, however, there needs to be one clear and accountable decision-maker about our course going forward. And it is clear to me that I am the one who will have to make that decision after weighing the risks involved with various courses of action.

One of reasons we got where we are today is because there was not a single decision-maker or a single point of accountability. Right now we are perpetuating that exact same problem within Cover Oregon that led us into this morass in the first place. We are not going to let that happen again.

I have no desire or intention of trying to micro-manage the project itself but I do have to make the macro decision and be accountable for it so that the project can move forward. Therefore, what I need is a clear pathway to an informed decision. Here is what I think that looks like.

There are two issues here:

<!--[if !supportLists]-->1. <!--[endif]-->The first and single most urgent and mission-critical task is to change the culture in Cover Oregon; to rebuild the leadership; build a project management process, a clear governance structure, accountability matrix, team discipline, etc. (In short, everything that should have been in place at the very beginning of this project). It is abundantly clear that regardless of what choice we make on the technology going forward, we will fail unless we can successfully rebuild leadership, governance, discipline and accountability within the Cover Oregon organization.

<!--[if !supportLists]-->2. <!--[endif]-->The second issue is to make a very clear command decision about the technology solution going forward in order to be prepared for the start of the November 14 open enrollment period – now just seven and a half months away.

So let's start by clarifying what we want the technology solution to achieve in terms of our long term objective: which is to ensure that all Oregonians have financial access to a health care delivery system that provides better health at a lower cost. Cover Oregon – and the website – are means to that end, not an end in itself.

What has happened to us represents a management failure and a technology failure – not a policy failure. Our policy objective to create a care model that provides better health at a lower cost is still on track through our CCO's and now PEBB.

System Objective: So it seems to me that our TOP PRIORITY is to have a fully functional public website that is reliable, easily understood, and which can maximize the ability of Oregonians to compare health plans, determine eligibility for a subsidy and enroll in coverage.

A secondary priority – perhaps following the November enrollment period – would be the ability to add other features in the future – e.g. SHOP, single portal, etc. But the top priority is the fully functional public website.

Changing the Culture at Cover Oregon

My plan here is to try to get someone from the private sector in for a 6-8 week period to assume the role of COO – and perhaps for a bit longer until the new Executive Director has time to put his/her own person in that position.

I have discussed this with Clyde Hamstreet (who is a local well respected business and turn around consultant) for suggestions. He will call me back sometime this weekend. I would like to be prepared to move someone into the COO role no later than March 31st. If, in this upcoming week, it becomes clear that we will not be able to engage a private sector transition COO then we should be prepared to elevate Linda Hammond to that position, empower her, and bring in a DAS team (Sarah Miller) to help support her.

Command Decision on Technology Going Forward

I think there are only two realistic options.

Go to the federal exchange

This is probably the lowest risk and lowest cost option in terms of getting a functional website that will be ready for the fall enrollment period. It means, of course, that we walk away from some/all of our significant investment in the current technology platform. We give up our single portal goal. We use Deloitte as the project manager.

Make current technology work -- with federal exchange as fall back option

This is the "100 day" plan that Alex Petit discussed with me today. We do a 100-day push to fix current technology platform with reduced scope to meet the minimum ACA requirements (if we exceed it, so much the better – but defintiley meet the minimum). This would have clear deadlines and way points which, if not met, would trigger going to federal site. At the same time we have a parallel process (perhaps by Optimus) to facilitate moving to the federal site if that becomes necessary.

What I Need

A decision matrix, which clearly lays out the cost of each option as well as the pros and the cons in terms of the technology product/solution produced (I can do the political risk calculation myself):

<!--[if !supportLists]-->• <!--[endif]-->Risk involved (not political but from an operational technology standpoint)

<!--[if !supportLists]-->• <!--[endif]-->Customization or lack of customization

<!--[if !supportLists]-->• <!--[endif]-->Ability to move toward single portal, SHOP, etc. in the post November enrolment period

<!--[if !supportLists]-->• <!--[endif]-->Retention or loss of federal grants

<!--[if !supportLists]-->• <!--[endif]-->Ongoing cost of the system

<!--[if !supportLists]-->• <!--[endif]-->The financial sustainability of the system

<!--[if !supportLists]-->• <!--[endif]-->Cost of lost investment

<!--[if !supportLists]-->• <!--[endif]-->Portions of technology that can be salvaged

I would then like to have a meeting of the entire Technology Team (no later than Tuesday). I would then like each of them to respond to the following question:

Knowing what the overall system objective is, if you had to make a decision today between these two options which one would you choose and why.

Let me know what you think of this process. Also, as we have discussed, we need to be able to accurately calculate the value of our current investment – that is the value of using the backend to enroll nearly 150,000 people; the parts that we would continue to use if we went to the federal system, etc. (It is my understanding from Bruce that we have $60-70 million left which includes the $26 million we have not yet paid to Oracle).

You might want to share this with Mike Jordan, Sean and Bruce

Thanks

JK

Message

From: brucegoldberg[GOLDBERG PERSONAL EMAIL redacted]
Sent: 3/24/2014 1:54:12 AM
To: [BONETTO PERSONAL EMAIL redacted]
CC: Sean Kolmer[KOLMER PERSONAL EMAIL redacted]; bruce goldberg[GOLDBERG PERSONAL EMAIL redacted]
Subject: Re: Follow up..
Attachments: comparison.docx; gov.pptx

here is a start at two documents.

I will work with tech team tomorrow and fill in

will also get better cost info.

From: [BONETTO PERSONAL EMAIL redacted]
To: "Bruce Goldberg" [GOLDBERG PERSONAL EMAIL redacted] "Sean Kolmer" [KOLMER PERSONAL EMAIL redacted]
Sent: Saturday, March 22, 2014 2:44:11 PM
Subject: Follow up..

Guys...
Just wanted to provide some more background for our call today at 4:00.

I've been in touch with the Governor…and think he's in an ok spot…but also know he wants to get his head around some key pieces that I've highlight below. Since he feels like the next decision on the technology platform will be his to own…he wants to ensure he's got all of the right info.

Two critical issues:

1. Cover Oregon culture change. As everyone has stated - it's clear that regardless of what choice we make on the technology going forward, we will fail unless we can successfully rebuild leadership, governance, discipline and accountability within the Cover Oregon organization.

2. Need a clear command decision on technology solution going forward. This needs to happen asap in order to be prepared for the start of the November open enrollment period.

Our overarching policy objective to create a care model that provides better health at a lower cost is still on track through our CCO's and now PEBB. Cover Oregon (the website) – is a means to that end, not an end in itself.

Need to be able to articulate core objective that drives our decision around issue #2: Some draft language for us to consider….TOP PRIORITY is to have a fully functional public website that is reliable, easily understood, and which can maximize the ability of Oregonians to compare health plans, determine eligibility for a subsidy and enroll in coverage (and that is self-sustaining…).

A possible phase II priority – perhaps after November enrollment period – would be the ability to add other features in the future – e.g. SHOP, single portal, etc. But the top priority is the fully functional public website.

Changing the Culture at Cover Oregon:
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He's clearly focused on a decision matrix, which lays out the cost of each option as well as the pros and the cons in terms of the technology solution produced: (this is my list based on his feedback):

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He would like to get feedback from each team members on the following question:

Knowing what the overall system objective is, if you had to make a decision today between these two options which one would you choose and why.

I know Tina is also working on how to accurately calculate the value of our current investment – basically the value of using the backend to enroll nearly 150,000 people; the parts that we would continue to use if we went to the federal system, etc. Believe we still have $60-70 million left which includes the $26 million we have not yet paid to Oracle.

Apologies for the big download…but just wanted to make sure you had this prior to 4:00 call.

Thx,

MB

To: John Kitzhaber[redacted]gmail.com]
From: Gmail
Sent: 2014-03-23T06:44:35Z
Subject: Follow up thoughts..
Received: 2014-03-23T06:44:57Z

Governor -
I like the way you framed your earlier email around the upcoming decision and the need for leadership changes. Below are some thoughts that I've been thinking about.

Technology Decision:
I think what you put down as the System Objective for the decision is very fair…but I'm not sure it gets us all the way to where you need the organization to be.

Let me explain. For the next 2-3 years there is a high likelihood that this period of Cover Oregon (specifically this initial open enrollment period) will be an albatross around the administration's neck -- whether we move to the federal exchange or keep it ourselves. But what I believe is essential is that we don't lose focus of your vision…and your legacy around health system transformation -- which includes both the delivery system….and the marketplace. [And you certainly did mention that your overarching policy objective is to deliver better care at lower cost.]

But what this means is that we should be doing everything possible to ensure that we are laser-focused on achieving transformation…period. This means that we need a Cover Oregon team that is soley focused on moving the marketplace….not on an IT platform that is going to be highly scrutinized over the next several years. Not on worrying about enrollment numbers and sustainability. Not on whether or not they're providing appropriate level of customer service. These haven't developed as core competencies over the past few years…and I don't expect them to develop now.

You systematically began transformation through CCOs….now with PEBB…and soon with OEBB. This will begin to move the market. We now need a savvy team at Cover Oregon who will be there to:
1) understand the industry and your vision
2) analyze the right data (quality and performance)
3) create the appropriate certification process that aligns with our care model.

This could mean a team of 8-12 who do nothing but focus on this…with board oversight. I still see the need for a very strong and respected Exec Director who will have the leverage to work with the industry and embed those care model attributes into the certification process.

Anyway… something to think about. I just don't want to lose sight of this with the upcoming decision. My concern is that narrowing the focus of any System Objective that may exclude maximizing health system transformation could jeopardize both vision and legacy.

Next Steps:
- I talked with Bruce today and he'll be getting us a refined matrix (with the core pieces you highlighted in your email) to us by Monday. I also talked with Tina yesterday and she is putting together some numbers that show how the current investment is working on the Medicaid eligibility side…and the potential ROI moving forward.
- I recommend that we schedule a Tuesday call with you, Bruce, Sean, me…and possibly Greg and George to walk through the matrix so we're clear on options.
- The Tech Team is already scheduled to meet again on Thursday (I believe primarily due to calendar

conflicts with members). Depending on your availability…this could be a good time for you to attend by phone for 30 minutes to hear each member give their input to your question.
- By end of the week - goal would be to have decisions made on interim CIO and COO…and to have clarity on technology platform decision.

Message

From: BONETTO PERSONAL EMAIL
Sent: 3/10/2014 3:57:23 AM
To: John Kitzhaber [redacted]
Subject: Re: Cover Oregon board member...

I'll make sure I'm there at 4:30….and will reach out to Looper, Wiener, Curtis and Tim now to see if they can be there in person or by phone.

No need to meet with Nkenge tomorrow…I'll handle that.

On Mar 9, 2014, at 8:47 PM, John Kitzhaber [redacted] wrote:

> Thanks. I want you and I, Looper, Wiener, Curtis and Tim to meet tomorrow
> at 4:30. I will be at the campaign office. If you can be there great.
> Otherwise by phone. I am very concerned that we do not have our ship in
> order going into battle. We are running out of time. Need a very candid
> conversation. We have almost no margin left to be reacting to this, to the
> NYT reporter, to the pending AP story on other IT problems in the
> administration. Let alone the First Data report. Happy to talk to Nkenge
> with you tomorrow. But want to limit the afternoon meeting to those
> mentioned above.
>
>
>
> On 3/9/14, 8:29 PM, BONETTO PERSONAL EMAIL [redacted] wrote:
>
>> Governor -
>> Just got off the phone with Aelea ChristoffersonŠ.a Cover Oregon board
>> member. She's announcing her candidacy tomorrow for Walden's seat. I
>> believe Wiener had a conversation with her 1-2 weeks ago. She's hired
>> Eric Jaye from Storefront Political Media as her campaign consultant.
>>
>> http://www.storefrontpolitical.com/team/eric-jaye
>>
>> She just sent me the attached press releaseŠscheduled to go out at
>> 9:30am. She's also sending a resignation letter tomorrow to Liz.
>>
>> I've already sent this to Tim, Kevin and MarkŠand have a scheduled call
>> with them at 7amŠ.and have already talked to Nkenge about thisŠand she
>> has a scheduled Cover Oregon call at 7:45 and will finalize responses to
>> media.
>>
>>
>>>
>>
>
>

Message

From: brucegoldberg[GOLDBERG PERSONAL EMAIL]
Sent: 3/24/2014 1:54:12 AM
To: [BONETTO PERSONAL EMAIL]
CC: Sean Kolmer[KOLMER PERSONAL EMAIL] bruce goldberg[GOLDBERG PERSONAL EMAIL]
Subject: Re: Follow up..
Attachments: comparison.docx; gov.pptx

here is a start at two documents.

I will work with tech team tomorrow and fill in

will also get better cost info.

From: [BONETTO PERSONAL EMAIL]
To: "Bruce Goldberg"[GOLDBERG PERSONAL EMAIL] "Sean Kolmer"[KOLMER PERSONAL EMAIL]
Sent: Saturday, March 22, 2014 2:44:11 PM
Subject: Follow up..

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I've been in touch with the Governor…and think he's in an ok spot…but also know he wants to get his head around some key pieces that I've highlight below. Since he feels like the next decision on the technology platform will be his to own…he wants to ensure he's got all of the right info.

Two critical issues:

1. Cover Oregon culture change. As everyone has stated - it's clear that regardless of what choice we make on the technology going forward, we will fail unless we can successfully rebuild leadership, governance, discipline and accountability within the Cover Oregon organization.

2. Need a clear command decision on technology solution going forward. This needs to happen asap in order to be prepared for the start of the November open enrollment period.

Our overarching policy objective to create a care model that provides better health at a lower cost is still on track through our CCO's and now PEBB. Cover Oregon (the website) – is a means to that end, not an end in itself.

Need to be able to articulate core objective that drives our decision around issue #2: Some draft language for us to consider….TOP PRIORITY is to have a fully functional public website that is reliable, easily understood, and which can maximize the ability of Oregonians to compare health plans, determine eligibility for a subsidy and enroll in coverage (and that is self-sustaining…).

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Apologies for the big download…but just wanted to make sure you had this prior to 4:00 call.

Thx,

MB

Message

From: Mike Bonetto [BONETTO PERSONAL EMAIL]
Sent: 3/22/2014 7:51:37 PM
To: brucegoldberg [GOLDBERG PERSONAL EMAIL]
CC: Sean [KOLMER PERSONAL EMAIL]
Subject: Re: option matrix...

Thx...could we all connect at 4:00??

Sent from my iPhone

> On Mar 22, 2014, at 10:49 AM, < [GOLDBERG PERSONAL EMAIL] wrote:
>
> Yes. I have some of this...most of it. Will take a first crack and get to You tomorrow.
> Agree, there will not be any changes by tues. Tech team meets thursday. But talking through again with gov perhaps without George and Greg might be helpful
> I think most impt piece of info will be what Tina can put together re using tech investment in Medicaid should we go with feds.
>
> On phone with CCIIO in a few re special enrollment so more on that front in an hour or two
>
> B
>
> Sent from Xfinity Mobile App

Message

From: [redacted]
Sent: 3/25/2014 2:01:24 PM
To: [redacted]
Subject: For this morning
Attachments: comparison-2.docx

Attached is my attempt to summarize the issues, outline costs and address some of the gov's questions.
Let me know if this works.
I still need to do some work on costs with the team this morning as I found some things in those pr0-forma's I am not totally comfortable with. With that said.....it will unlikely change things to any great degree.
b

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

Cost:

Early estimates – still needs work!!!

In $Millions

Still needs work

Given as low – high range

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

Summary:

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

- Higher risk as time is limited to complete both technology work and organizational changes necessary for success.
- Higher cost but greater ability to customize to enhance enrollment if successful
- Likely greater consumer satisfaction – consumer satisfaction with federal site (call center etc) is low
- No lost investment
- Maintain single portal for Medicaid and Individual market and greater ability/resources to align markets
- High risk that we will need additional federal dollars – especially in 2015

Federal Technology

- Lower operating costs and not responsible for ongoing maintenance and necessary changes
- Loss of some portion of the federal investment over past 3 years
- Less ability to customize and may have less enrollment. Potentially less consumer satisfaction.
- Individuals will likely need to re-enroll for 2015 coverage – more work for consumers and carriers

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

To: John Kitzhaber [redacted]
From: Mike Bonetto
Sent: 2014-03-25T15:57:16Z
Subject: Fwd: Finally
Received: 2014-03-25T15:57:24Z
comparison-2.docx

Draft decision matrix from Bruce...

	Current tech	Federal
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Message

From: John Kitzhaber [redacted]
Sent: 3/26/2014 4:58:29 PM
To: KOLMER Sean P * GOV [KOLMER STATE EMAIL]
CC: Mike Bonetto [BONETTO PERSONAL EMAIL]
Subject: Re: Testimony for Greg
Attachments: JK Risk Assessment of Technology Decision .docx

10 am works. However, I would you to set up the meeting at the beginning with the attached risk assessment (really a summary of what Bruce put together yesterday) which lays out what I think is the single most essential question we need to answer: what is our degree of confidence that our current technology platform is the right platform; that it will work, that we can get it up soon enough; and that it will perform reliably and be within our budget.

I would come on at 10 and hear the views of each member of the advisory group. Let me know if this does not make sense to you. Thanks.

JK

From: KOLMER Sean P * GOV [KOLMER STATE EMAIL]
Date: Wednesday, March 26, 2014 at 9:30 AM
To: John Kitzhaber [redacted]
Subject: Re: Testimony for Greg

Thx. On it. U joining tomorrow at 10 for tech team?

On Mar 26, 2014, at 9:24 AM, "John Kitzhaber" [redacted] wrote:

Sean,

Here is the excerpt from my press conference that you can work into the talking points (or at lease a response if they dig into the problems we have had with the website.

JK

I have reviewed First Data's report and findings. I appreciate the thoroughness of its approach and the cooperation of all who were interviewed and contributed. The report offers a credible and sobering critique. It is now clear that this project suffered in two critical areas.

First was the fundamental breakdown of effective management.

<!--[if !supportLists]--><!--[endif]-->An overly ambitious project scope with no effective scope management structure.

<!--[if !supportLists]--><!--[endif]-->No single point of authority

<!--[if !supportLists]--><!--[endif]-->No system integrator

<!--[if !supportLists]--><!--[endif]-->No common functional project management and governance structure

<!--[if !supportLists]--><!--[endif]-->The use of time and material contracts vs. fixed price contracts

Along with the mistrust and tension between administrators at both the Oregon Health Authority and Cover Oregon, those issues further reduced the likelihood that the website would launch on time.

The report also highlighted how key project members became desensitized over time to the quality assurance reports that showed the project was not on target, which prevented accurate information from getting to the Governor's Office, the Cover Oregon Board and to the Legislature. In addition, the report shows that there was an unrealistic sense of optimism from key leaders that Oracle could deliver when critical measures indicated otherwise.

Beyond the scope of First Data's report, there remain serious questions about the quality of work from the primary website developer, Oracle. We have seen that – painfully – for ourselves and our observations were confirmed by the recent report from CMS.

The key findings highlight Oracle's:

<!--[if !supportLists]--><!--[endif]-->Inability to properly estimate the amount of work necessary to complete the project

<!--[if !supportLists]--><!--[endif]-->Repeated missed deadlines

<!--[if !supportLists]--><!--[endif]-->Incomplete work

<!--[if !supportLists]--><!--[endif]-->Inability to adhere to industry standards

We are obviously not satisfied with the quality of the work from the primary website developer Oracle. We are not satisfied that we have had to use a hybrid process to accomplish what a fully functional pubic website should have been able to do. As a consequence, last month we announced that are transitioning away from Oracle. We will not pay nearly $26 million for work that still has not delivered a fully functioning website that has the reliability and performance necessary to meet our needs. Also, we

have retained all of our rights to pursue legal action or recover payments made to Oracle if that is determined to be in the best interest of the state.

When I became aware of the magnitude of the technology issues at Cover Oregon in late October 2013, I took steps to ensure that we would still have the capacity to enroll Oregonians through the current open enrollment period, which is our core objective. The website is a means to that end, but not an end it itself.

Consideration was given to linking up with the federal site or with another state exchange but it was clear that the 5-8 month process of doing so would jeopardize enrollment in the current open enrollment period. Therefore, using those parts of the website that were working we created a hybrid process to continue enrolling Oregon.

And I am proud to say that despite ongoing technical challenges, more than 135,000 Oregonians have enrolled through the exchange, over 42,000 of them into commercial plan. This, in addition to our fast track enrollment process, means that we have enrolled more than 260,000 Oregonians in high-quality and affordable health plans since January. Our enrollment figures stand out even amongst other states that have fully functional websites. The value of our success in this regard should not be overlooked, even as we work to fix what went wrong.

STAYING WITH CURRENT TECHNOLOGY

Upside:

- Able to customize – more customer satisfaction
- Able to continue to engage agents and community partners
- Better enrollment
- Avoid having to have everyone re-enroll
- Retain funding for Cover Oregon policy arm to drive market changes
- More choice for employers/employees
- We don't walk away from out investment
- State continues to bear risk and responsibility and cost of system problems and maintenance in long term.

But ... there is no upside unless it works – that is the downside risks of the cost of maintaining system; the need for quick federal approval of sole-source contract for system integrator; the staffing and organizational challenges within Cover Oregon; and need for additional federal funds in late 2014 or 2015 do not matter if the technology will not work. If the technology works then the other elements can be negotiated; and, I believe the organizational issue within Cover Oregon can be overcome.

SO ... CENTRAL QUESTION: The entry level technology question really hinges on whether we believe we can get the current code and technology architecture up an running, how soon, how reliable and how much the cost. I think it is a mistake to hedge our bets with the federal exchange as the back up. We eat up time and money. More stranded investment. So question is our degree of confidence that we have the right technology platform; that we can get it up soon enough; that it will perform reliably and be within our budget.

GOING TO FEDERAL SITE

Upside:

- We know we have a functional public website
- Federal site is responsible for enrollment and ongoing maintenance.

Downside:

- Lost all or most of our investment to date

- Data transfer may be harder than anticipated. If decision is make [likely] that individuals need to re-enroll in federal system this is mitigated. But it does create a situation where everyone in individual market will need to reapply.

- Risk of lower enrollment without efforts of Cover Oregon marketing and outreach and use of agents and partners to the fullest degree.

- Potential loss funding for Cover Oregon policy arm to drive market changes – that function will need to be performed by another agency (e.g. OID) and there will be some cost. [We lose our 2.5% premium ... the feds get 3.5%] This may impact larger transformation agenda to drive market change and align public and private purchasing around the new care model.

- We have little ability to customize so agents and community partners will have limited use.

- Will have less choice for employers/employees, which may impact larger transformation agenda todrive market change and align public and private purchasing around the new care model.

Message

From: Sean Kolmer [KOLMER PERSONAL EMAIL]
Sent: 3/27/2014 1:58:45 PM
To: Mike Bonetto [BONETTO PERSONAL EMAIL]
Subject: read this

i was rereviewing his take on where he is. caught this sentence that i missed before.

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call me prior to 8

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A possible phase II priority – perhaps after November enrollment period – would be the ability to add other features in the future – e.g. SHOP, single portal, etc. But the top priority is the fully functional public website.

Changing the Culture at Cover Oregon:
We've discussed how/when to get someone from the private sector in for a 6-8 week period to assume the role of COO – and perhaps for a bit longer until the new ED has time to put his/her own person in that position.

Governor just had a discussion with Clyde Hamstreet (a local well respected business and turn around consultant) for suggestions. He's calling the Governor back sometime this weekend. He would like to be prepared to move someone into the COO role no later than March 31st. If, in this upcoming week, it becomes clear that we will not be able to engage a private sector transition COO then we should be prepared to move Linda Hammond to that position, empower her, and bring in a DAS team (Sarah Miller) to help support her.

He also talked with Alex Petit yesterday about potentially filling the CIO role on an interim basis.. Sounds like Alex didn't say no…but pushed back quite a bit because he said he can't step into that role until he knows what we want. Thus, the need to clearly articulate our core objective.

Command Decision on Technology Going Forward

Like Sean has highlighted…I think there are only two realistic options.

Go to the federal exchange

This is probably the lowest risk and lowest cost option in terms of getting a functional website that will be ready for the fall enrollment period. It means that we walk away from some of our significant investment in the current technology platform. We give up our single portal goal. We use Deloitte as the project manager.

Make current technology work -- with federal exchange as fall back option

This is the "100 day" plan that was discussed yesterday. We do a 100-day push to fix current technology platform with reduced scope to meet the minimum ACA requirements. This would have clear deadlines, which, if not met, would trigger going to federal site. At the same time we have a parallel process (perhaps by Optum) to facilitate moving to the federal site if that becomes necessary. But at this point, we don't have a decent idea if this is even within our budgetary reality.

What the Governor Needs

He's clearly focused on a decision matrix, which lays out the cost of each option as well as the pros and the cons in terms of the technology solution produced: (this is my list based on his feedback):

- Risk involved (not political but from an operational technology standpoint)
- Customization or lack of customization
- Ability to move toward single portal, SHOP, etc. in the post November enrollment period
- Retention or loss of federal grants
- Ongoing cost of the system
- The financial sustainability of the system
- Cost of lost investment
- Portions of technology that can be salvaged

He also mentioned that he's interested in meeting with the entire Technology Team on Tuesday. I know they're scheduled to meet on Thursday…so not sure if it's worth trying to get a meeting for Tuesday….or perhaps have a call with him on Tuesday to walk through the details of the matrix and then have him on for part of the call for Thursday's meeting.

He would like to get feedback from each team members on the following question:

Knowing what the overall system objective is, if you had to make a decision today between these two options which one would you choose and why.

I know Tina is also working on how to accurately calculate the value of our current investment – basically the value of using the backend to enroll nearly 150,000 people; the parts that we would continue to use if we went to the federal system, etc. Believe we still have $60-70 million left which includes the $26 million we have not yet paid to Oracle.

Apologies for the big download…but just wanted to make sure you had this prior to 4:00 call.

Thx,

MB

From: FERDER Cassandra L * OEIB [redacted]
Sent: 4/3/2014 10:15:14 PM +0000
To: OEIB Policy Team [redacted]
Subject: FW: Temporary Reassignment

From: Statewide Announcements [redacted]
Sent: Thursday, April 03, 2014 2:56 PM
To: Agency Heads - Brds_Commissions; AGENCY HEADS
Cc: Agency_Heads_Asst_Dist
Subject: Temporary Reassignment

TO: Agency Directors

FROM: Michael Jordan,
COO DAS Director

RE: Temporary Reassignment

At the request of Governor Kitzhaber, State CIO Alex Pettit and Deputy State COO Sarah Miller have accepted temporary reassignment to Cover Oregon. Alex began on Monday as Interim CIO to address critical technology needs related to the exchange website. Sarah started Tuesday as Special Assistant to Alex.

During this interim time, I've asked Barry Pack to serve as acting deputy COO. Please contact Barry with any questions you would normally pose to Sarah. The Office of the State CIO will continue with their important work, however, please direct any questions you would normally have for Alex to me.

We're doing everything we can to cover both Alex and Sarah's responsibilities in their absence, and we appreciate your patience and support. While the temporary loss of Alex and Sarah will be a challenge, the fact that they've been called upon affirms our work over the past few years to develop enterprise-level management cooperation and capacity.

Thank you,

Michael

Michael Jordan

Chief Operating Officer, State of Oregon

Director, Department of Administrative Services



Message

From: Mike Bonetto BONETTO PERSONAL EMAIL
Sent: 4/16/2014 9:02:20 PM
To: Patricia McCaig
Subject: Email to Alex from IT cmt member...

Just saw this...all the more reason to land on a date asap.

From:
Date: April 16, 2014 at 11:27:34 AM PDT
To: Alex Pettit

Subject: REQUEST: Re-convene IT Advisory Group

Hello Alex,

I write to you today as my level of concern regarding Cover Oregon continues to increase. We last met, as a group, on March 31 at which point we advised Cover Oregon on what we felt were viable options for the organization. While I understand that there was a vast amount of work and evaluation that needed to be completed prior to putting either of the "plans" in motion, I have been surprised at the lack of communication with this group given our expressed interest to be involved as that evaluation continued.

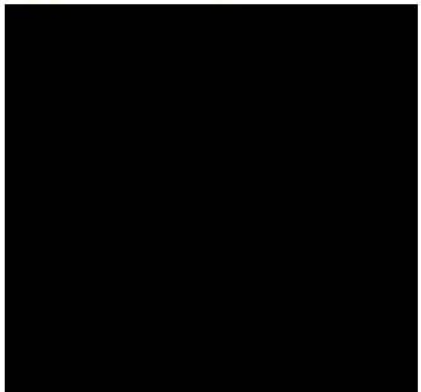
Furthermore, it is concerning to be learning (through the press) about critical changes that have direct impact on the validity (and credibility, for that matter) of our recommendation. I'm left questioning the value of our past and continued participation in the IT Advisory Committee. If you could please let this group know when we will be meeting again to discuss the plan, your findings and the direction moving forward, I think we'd all appreciate it. You mentioned at the Board of Directors meeting on 4/10/14 that you would be convening that group this week.

My apologies for the direct nature of this e mail, but we've all invested time and effort into this process, and the outcomes that we are learning about aren't necessarily reflecting our participation.

Kind regards,

Aaron

Aaron Patnode
Director, Business Development
Regional Director, Health Reform Implementation



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Message

From: Patricia McCaig [redacted]
Sent: 4/17/2014 2:15:38 AM
To: Mike Bonetto [redacted: BONETTO PERSONAL EMAIL]
Subject: Re: Email to Alex from IT cmt member...

!! I have asked directly if Alex was communicating with them. Sheesh. This Is avoidable. Are you worried about Alex's response?

PMc

On Apr 16, 2014, at 2:02 PM, Mike Bonetto [redacted: BONETTO PERSONAL EMAIL] wrote:
Just saw this...all the more reason to land on a date asap.

From: [redacted]
Date: April 16, 2014 at 11:27:34 AM PDT
To: [redacted]

[redacted]

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Kind regards,

Aaron

Aaron Patnode
Director, Business Development
Regional Director, Health Reform Implementation



Message

From: Mike Bonetto [BONETTO PERSONAL EMAIL]
Sent: 4/17/2014 4:41:38 AM
To: Patricia McCaig [redacted]
Subject: Re: Email to Alex from IT cmt member...

Yes...let's discuss with him tomorrow

Sent from my iPhone

On Apr 16, 2014, at 7:15 PM, Patricia McCaig [redacted] wrote:
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[redacted]

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Aaron

Aaron Patnode
Director, Business Development
Regional Director, Health Reform Implementation



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From: Clyde Hamstreet [redacted]
Subject: FW: REQUEST: Meeting regarding work of IT Advisory Committee
Date: April 19, 2014 12:48:03 PM PDT

[redacted]

From: Mark Schmidt
Sent: Friday, April 18, 2014 5:47 PM
To: Clyde Hamstreet
Subject: Fwd: REQUEST: Meeting regarding work of IT Advisory Committee
Importance: High

FYI.

Begin forwarded message:

From: [redacted]
Subject: REQUEST: Meeting regarding work of IT Advisory Committee
Date: April 18, 2014 at 5:00:01 PM PDT
To: Mark Schmidt [redacted] hamstreet.net>
[redacted]

Mr. Schmidt,

By way of introduction, my name is Aaron Patnode, and I'm the Director of Business Development and Regional Director for Health Reform Implementation at Kaiser Permanente Northwest. I've been participating as a member of the Cover Oregon IT Advisory Committee that was brought together in March to evaluate a pathway forward (from an IT perspective) for Cover Oregon. I'm writing to you today with concern regarding a request/offer that was made to the Cover Oregon Task Force that meets every Thursday (see e mail from Damian Brayko below).

At the last IT Advisory Committee Meeting on March 31, every participant indicated an interest in continuing that participation moving forward as Cover Oregon pursued the appropriate IT pathway (whatever pathway that may be). We have seen no action taken to draw upon that interest. I would hope that Cover Oregon would have interest in continuing to draw upon the experience and knowledge of those who participate(d) in the Advisory Committee. However, soliciting feedback from the Task Force on material our group has already covered (prior to even meeting with us) seems to send a different message.

I'd like to request that Hamstreet arrange a meeting with the IT Advisory Committee as soon as possible to discuss your thinking; to solicit our input; to learn how we arrived where we did with the recommendations; to meet us and understand our background and perspective. It can only help as your organization works to lead Cover Oregon. We, as a group, want to help Cover Oregon be successful--whether that be salvaging the State Based Marketplace, or facilitating a smooth transition to the Federally Facilitated Marketplace. Please take us up on the offer.

Kind regards,

Aaron

****

From Brayko Damian [redacted] veroregon com>

Date 04/18/2014 01 30 PM
Subject Follow Up Request from Task Force

Just a brief reiteration of our request from yesterday's Task Force meeting. Mark Schmidt of Hamstreet has asked for carrier input on the business implications/costs/issues if we were to move to the Federal Exchange. Mark will make himself available as his time permits for individual carrier conversations. Please also feel free to email any other input you may have to my attention.

Mark's cell number is [redacted] and his email i [redacted]

Damian Brayko | Operations Manager | Cover Oregon | 16760 SW Upper Boones Ferry Rd. Suite 200 | Durham, OR 97224 | [redacted]

Aaron Patnode, MBA, MHA
Director, Business Development
Regional Director, Health Reform Implementation

Kaiser Permanente
Marketing Communications
500 NE Multnomah St., Suite 100
Portland, OR 97202

[redacted]

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From: "PETTIT Alex * CIC [redacted]
Subject: Re: REQUEST: Meeting regarding work of IT Advisory Committee
Date: April 19, 2014 1:00:42 PM PDT

BONETTO, MILLER, KOLMER STATE EMAIL; MCCAIG [redacted]

Ya, I replied but didn't cc everyone asking to call. When we send out the announcement for the tech meeting on Monday the issue will be moot anyway.

Sent from my iPhone

On Apr 19, 2014, at 12:48 PM, "Clyde Hamstreet [redacted] wrote:

From: Mark Schmidt
Sent: Friday, April 18, 2014 5:47 PM
To: Clyde Hamstreet
Subject: Fwd: REQUEST: Meeting regarding work of IT Advisory Committee
Importance: High

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[redacted]

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Aaron

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Mark's cell number is 503-550-3100 and his email is [redacted]

Damian Brayko | Operations Manager | Cover Oregon | 16760 SW Upper Boones Ferry Rd. Suite 200 | Durham, OR 97224 | [redacted]

Aaron Patnode, MBA, MHA
Director, Business Development
Regional Director, Health Reform Implementation

Kaiser Permanente
Marketing Communications
500 NE Multnomah St., Suite 100
Portland, OR 97202

[redacted]

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

Greetings Mark and Kevin,

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

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

Thanks so much,
Cylvia

Cylvia Hayes
CEO, 3EStrategies
[redacted]

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

Cc: 'John Kitzhaber' [redacted]
Subject: Area 51 kick off meeting

Greetings,

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

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

Date of first Call: Tuesday April 1, 5pm
Call in number: TBD

Agenda items for this call:

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

Please let me know if you will make this call.

Thanks,
Cylvia

Cylvia Hayes
CEO, 3EStrategies
[redacted]

Message

From: Dan Carol [redacted]
Sent: 3/31/2014 4:33:30 PM
To: Mike Bonetto [BONETTO PERSONAL EMAIL]
Subject: Fwd: SLIGHT Time change to Area 51 kick off meeting

---------- Forwarded message ----------
From: **Cylvia Hayes** [redacted]
Date: Mon, Mar 31, 2014 at 12:27 PM
Subject: SLIGHT Time change to Area 51 kick off meeting
To: Tim Raphael [RAPHAEL PERSONAL EMAIL] Dan Carol [redacted] Stephen Bella [redacted] Curtis Robinhold [redacted] Patricia McCaig [redacted] Scott Nelson [redacted]
Cc: John Kitzhaber [redacted]

Greetings All,

We need to shift the call tomorrow to 5:30 instead of 5. I hope most of you can make it.

Thanks,
Cylvia

Cylvia Hayes
CEO, 3EStrategies
[redacted]

From: Cylvia Hayes [redacted]
Date: Sunday, March 30, 2014 2:01 PM
To: Tim Raphael [RAPHAEL PERSONAL EMAIL], Dan Carol [redacted] Stephen Bella [redacted] Curtis Robinhold [redacted] Bill Wyatt [redacted] Patricia McCaig [redacted] Steve Marks [redacted] Scott Nelson [redacted]
Cc: 'John Kitzhaber' [redacted]
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- Cover Oregon 100 day plan
- Who else should be on Area 51?

Please let me know if you will make this call.

Thanks,
Cylvia

Cylvia Hayes
CEO, 3EStrategies
[redacted]

Message

From: Tim Raphael [RAPHAEL PERSONAL EMAIL]
Sent: 3/20/2014 2:47:51 PM
To: Mike Bonetto [BONETTO PERSONAL EMAIL]
Subject: Re: this morning

Based on thorough review, these are the actions I've taken...

Tim Raphael

[redacted]

On Mar 20, 2014, at 7:33 AM, Tim Raphael [RAPHAEL PERSONAL EMAIL] wrote:

Mike,

A couple of issues we need clarity on before 11. Today is about the pivot, and the Governor should be careful not to leave the impression we will be in a state of constant review. That's part of the issue with having DAS deal with purchase order/procurement issue rather than AG. Also, the Governor should not use language about "continuing to review leadership, etc." He is taking action today. I think he needs to be prepared in Q&A to express some level of support for those still standing...

Q: Governor, will you be doing a search to replace Bruce Goldberg at OHA?
A: Tina Edlund is serving as acting director at OHA and has been doing a good job moving forward health system transformation. I have no plans to make a change right now.

Q: Will she be appointed permanent director?
A: One step at a time. The main thing right now is that OHA keep moving forward with the important work they are doing to transform the health care system.

Q: Governor, this report indicates that documents were changed when reporting the status of the project to the feds. Carolyn Lawson has said that she was asked to participate in a "cover up." Do you believe that Bruce Goldberg has been hiding the truth about Cover Oregon and is this why he is resigning now.
A: I do not. I have no indication that Bruce has done anything duplicitous and he has served this state and two governors well. I agree with him that it is time for a change as we move forward.

I don't know whether you are planning on getting us on the phone with the Governor one last time this morning, but here are issues on my list.

1) Confirmation Governor will push purchase order/procurement issues to DAS, not AG
2) Does Governor plan to call Tina before 11? He should.
3) Do you plan to send Governor all staff email for agency directors to pivot off of?
4) Do Aaron and Triz know what's coming?
5) Does CO Board have a prepared statement about carrying out the Governor's directive?

Others?

Tim

Tim Raphael

[redacted]

Message

From: Dan Caro[redacted]
Sent: 5/30/2014 3:32:14 AM
To: Patricia McCaig[redacted]
CC: Cylvia Hayes[redacted] John Kitzhaber[redacted] Bill Wyatt, (SL)
[redacted]gmail.com]; Tom Imeson[redacted] Robinhold Curtis[redacted]
Stephen Bella[redacted] Steve Marks[redacted] Tim Raphael
RAPHAEL PERSONAL EMAIL[redacted] Scott Nelson[redacted]
BONETTO PERSONAL EMAIL[redacted] Mark Wiener[redacted] Marshall
[redacted]
Subject: Re: A sampling of responses to JK on Oracle

Great work. Good day. Fabulous pivot.

And uh... Larry Ellison is a dick. With yachts. Just saying.

Nitey nite.

On Thursday, May 29, 2014, Patricia McCaig [redacted]easystreet.net> wrote:

Channels 6 and 8, good and online.

Cover Oregon: Kitzhaber says it's time to sue Oracle for health exchange disaster

http://registerguard.com/rg/news/local/31651576-75/oregon-oracle-kitzhaber-state-website.html.csp

Oracle's tweet
https://twitter.com/ChelseaKATU/status/472144017166057472

Politico

Kitzhaber wants Oracle sued for Oregon website

By Jennifer Haberkorn

5/29/14 6:15 PM EDT

Oregon Gov. John Kitzhaber said Thursday that he has asked the state attorney general to sue the contractor behind the state's disastrous Obamacare website.

It would be the nation's first lawsuit against a contractor on an Affordable Care Act site.

"We will hold Oracle accountable for resources spent that did not produce a result," Kitzhaber, a Democrat running for re-election this fall, told state lawmakers during a legislative briefing. The California-based Oracle Corp. provided "a technology that did not in fact work," Kitzhaber said.

The governor said that litigation filed under the False Claims Act could help Oregon recover attorneys' fees, the money spent on the website, damages and possibly more.

The state has paid Oracle more than $134 million in federal funds to develop Cover Oregon, its ambitious site to implement the health care law. But the system never functioned properly, even by the end of the first open enrollment period, which was extended in Oregon until April 30.

The state has already decided to give up on the site and use the federal HealthCare.gov next year.

The FBI and GAO are conducting investigations into the system's catastrophic rollout as well, amid allegations that federal officials may have been misled before the federal dollars were approved.

Kitzhaber admitted that the state shares some of the blame for Cover Oregon's failure.

In response to a question from his Republican opponent, state Rep. Dennis Richardson, Kitzhaber said the state should have hired a system integrator to lead the project. He also said the contract should not have been written in a "times and material" manner, in which Oracle was paid for how much time it spent on the work and not for delivering a result.

The two problems "created a perfect storm on the state side" that contributed to the disaster, Kitzhaber said. But "there is no way Oracle with a straight face can say, 'Oh, we didn't know you hired us to produce a . . . workable website.'"

"They have delivered a product that didn't work," Kitzhaber said, pounding his fist on a desk.

Patricia McCaig

[redacted]

Message

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

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

Begin forwarded message:

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

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

TO: Patricia McCaig
FROM: Steve Bella
RE: Poll

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

Governor – vulnerability

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

Kitzhaber is out of touch and asleep at the switch.

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

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

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

Governor – protection/counter narrative

I think there is a couple areas worth testing to make sure Cover Oregon and the larger narrative the Republicans could use do not stick.

Cover Oregon – response.

I think the best pivot off Cover Oregon politically is to admit mistakes were made and we are moving to the Federal exchange. The Governor's message then shifts to the more important goal which is Oregon continue the bipartisan efforts that have improved quality health care for Oregonians while reducing costs. Then we shift to making the argument that Oregon can't afford to have Washington partisan politics enter this state and destroy all the progress we have made.

I think our best chance politically to stop the bleeding is to drop the dream of Cover Oregon, and shift the argument to a choice between Oregon bipartisan progress versus Washington Republican partisanship.

I think to make that argument the following message sequence needs to take place:

1. Admit mistakes were made.
2. Going to federal exchange system but continue Oregon bipartisan health care reforms, i.e. CCO delivery system.
3. Governor not going to allow Washington partisan politics try to destroy Oregon's bipartisan effort at increasing quality and reducing costs.

Not exactly sure best way to test this within the poll but I wanted to raise this since I think shifting attention away from Cover Oregon requires several steps.

Governor – issues

I know you mentioned testing some positions within the poll. I think that is important and would look at testing pay equity. Think pay equity can fit well into the Prosperity theme and build support among women.

I also think we need to test what is it Oregonians like about the Governor's leadership as much as specific policy positions. I believe the Governor was popular because he was bringing Democrats and Republicans together to get the job done. His leadership represented a sharp contrast to the dysfunction in Washington. I think we need to test how best to remind Oregonians why they supported him before Cover Oregon blew up.

Examples to test is leadership could include:

- Passing bipartisan budgets that put Oregon's fiscal house in order.
- Getting education reform passed even when it meant taking on his supporters.
- Working with business and labor to create Oregon jobs and improve wages.

I am sure there are more but I think we want to find out how best to remind voters why Governor Kitzhaber has provided a steady hand to move Oregon forward. I think it is equally if not more important to identify the leadership qualities in this poll than specific issue positions.

Hope this helps.

From: Mike Bonetto [redacted]
Subject: Re: SWAT team discussion...
Date: April 2, 2014 5:12:49 PM PDT
To: Patricia McCaig [redacted]>
[redacted]

Alex will be joining at 5:30

On Wed, Apr 2, 2014 at 4:29 PM, Mike Bonetto [redacted] wrote:
I like the agenda.

Waiting for confirmation from Alex...should know before 5:00.

On Wed, Apr 2, 2014 at 4:25 PM, Patricia McCaig [redacted]> wrote:
Hi, Mike have you been able to confirm Alex?

I'd like to run tonight's meeting and I think it should be limited to Cover Oregon issues - specifically:
1) IT recommendation: content, process, and timing
2) Greg Van Pelt's appearance tomorrow: goal for committee/Oregon, detailed schedule, response, spokespeople
3) Hamstreet: Contract, reporting authority, messaging, spokespeople

We've reviewed the calendar and will work off-line with key staff to develop a fuller document for review.

Patricia McCaig
[redacted]

On Apr 1, 2014, at 9:45 AM, Mike Bonetto wrote:

Since our regularly scheduled mtg has been canceled tonight....I would like to see if we can meet (even by phone) **tomorrow (Wednesday) evening.... 5:30.**

Still need to discuss some critical issues in front of us.
1) Communication strategy around upcoming (next week) Cover Oregon IT decision. (Governor's involvement, timing, core message, etc)

2) Clarity on 3-month calendar and focus areas

From: Tim Raphael [RAPHAEL CONSULTANT EMAIL]
Subject: Fwd: Kitz Tech Discussion Memo
Date: April 3, 2014 at 5:26:32 PM PDT
To: Mark Wiener [LOOPER CONSULTANT EMAIL]

Mark and Kevin,
I'd appreciate comments on the attached draft memo to the Governor…maybe too directive…no pride of authorship…
Tim

TO: Governor Kitzhaber
FROM: The Team
RE: Cover Oregon Technology Options

The focus of our meeting Friday morning is to discuss the timing and substance of the technology team's preliminary recommendation to the Cover Oregon Board. After a briefing from Alex Pettit, we have significant concerns about the recommendation of a "100-Day Plan" to continue the build-out of Cover Oregon's existing technology platform while also preparing for the possibility of moving to the federal exchange. We are convinced it would be a mistake for the board to send any signal at its meeting next week about next steps on technology.

In speaking with Alex it is clear that the technology team's recommendation was significantly influenced by CMS's late determination that if Oregon were to move to the federal exchange it would not be allowed to transfer enrollee data. Moving to the federal exchange -- which Alex concedes is the least risky technical option -- would force the state to essentially start over with all enrollment and walk away from its investment to date. Because the tech team had already ruled out adopting another state's technology as overly risky, CMS's determination essentially left the team with no option other than the default option of continuing investment in the current technology. That's problematic for two reasons. First, Alex describes Oracle's platform as having "fundamental technological and architectural problems." And second, it seems doubtful the federal exchange is actually a viable Plan B if it requires a do-over on enrollment, does not preserve any of the state's investment to date, and requires a risky technology transfer of Medicaid enrollment from Cover Oregon back to the Oregon Health Authority.

Instead of a "100-Day Plan," the tech team's recommendation would be better named the "all-in with the existing technology platform plan." And Alex says he cannot guarantee success or estimate what the total cost will be. He believes there is at least another year of development (and investment) required to build-out functionality to include renewals, change of circumstance and other modules.

There are too many questions, concerns and gaps to make a decision today. We recommend you give Alex the rest of the open enrollment period to better understand the risks, technology options and ramifications of various options, including revisiting the possibility of joining the federal exchange or adopting technology from another state. For the remainder of the open enrollment period, Cover Oregon would stick with its core message that everyone at the exchange is fully focused on boosting enrollment and that any decisions on technology will be made after the open enrollment period ends.

Alex's charge should be to identify the least risky option to ensure end-to-end online sign-ups for the public during the fall 2014 open enrollment period.

From: Patricia McCaig [redacted]
Subject: Small items
Date: April 3, 2014 at 7:59:16 AM PDT
To: Mark Wiener [redacted], LOOPER CONSULTANT EMAIL
[redacted]
Cc: Tim Raphael RAPHAEL PERSONAL EMAIL

1. had a long difficult call with Bonneto last night - he has a lot to think about.
2. is the [redacted] conference call number Kitz only, or is it your work conf number? Regardless, is it available next Tuesday for me to use at 4:00?
3. Kevin, what's your timing on hooking governor and mike up? - I'm worried about JK's travel calendar and would like them to meet before he leaves next week.
4. I'm thinking of dismantling our Tuesday meeting and then re-establishing it. Change the Mike and Nkenge dynamic which isn't helpful or worth our time. Do you care/thoughts?
5. Hold Friday a.m. for a meeting with JK on Cover Oregon IT, Bonneto supposed to let me know this a.m.
6. After we figure out JK tomorrow, maybe we can tack on time for just the three of us.

Patricia McCaig
[redacted]

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Date: April 3, 2014 at 7:59:16 AM PDT
To: Mark Wiener [redacted], LOOPER CONSULTANT EMAIL
[redacted]
Cc: Tim Raphael RAPHAEL PERSONAL EMAIL

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6. After we figure out JK tomorrow, maybe we can tack on time for just the three of us.

Patricia McCaig
[redacted]

Message

From: Tim Raphael [RAPHAEL CONSULTANT EMAIL]
Sent: 4/3/2014 6:40:52 PM
To: Mark Wiener [redacted]; [LOOPER CONSULTANT EMAIL] Mike Bonetto [BONETTO PERSONAL EMAIL]; Patricia McCaig [redacted] Nkenge [HARMON JOHNSON CONSULTANT EMAIL]; Dmitri Palmateer [PALMATEER PERSONAL EMAIL]
Subject: Maryland exchange

See below...Maryland's congressional testimony also referenced the switch to Connecticut's technology and the fact that they will be using Deloitte to do the work...does this make anyone else curious about whether we should revisit this state technology option for Oregon going forward?
Tim

ObamaCare health exchange

Published April 02, 2014
FoxNews.com
Facebook10 Twitter68 Gplus0

MarylandHealthConnection.Gov

HANOVER, Md. – The board overseeing Maryland's ObamaCare exchange voted Tuesday to replace technology in the state's glitch-ridden system with technology used in in Connecticut's exchange instead of fixing its current system or partnering with the federal government.

The board of directors of the Maryland Health Benefit Exchange decided to adopt a technology developed by Deloitte Consulting that has proved successful in Connecticut.

Dr. Joshua Sharfstein, the state's health secretary, will negotiate an emergency $40 million to $50 million contract with the software company to develop a new website, The Baltimore Sun reported. The software will be free for the state to use.

"It's a very effective, simple solution," Sharfstein said after the unanimous vote. "It's been very successful in Connecticut, and we're looking forward to implementing it in Maryland."

Maryland has had one of the worst exchange websites of the 14 states that developed their own: The state's health exchange website crashed shortly after it opened Oct. 1.

Sharfstein said he was optimistic the federal government would approve of the plan and provide a substantial amount of the money.

"If we are able to get approval, we think that the federal government will be paying a good part of the money," Sharfstein said.

The vote comes a day after open enrollment under ObamaCare ended Monday, with federal officials boasting that 7.1 million people had signed up the health care law -- a threshold that once was seen as unattainable.

The decision to shift to Deloitte comes as Maryland tries to build a better exchange website for the next open enrollment period in November. The state will keep its own health insurance exchange, while importing technology from Connecticut to support the website. For example, the Maryland exchange includes the board, state policies, a call center and other consumer assistance networks and staff. All of that will remain in place.

The state expects the transition to take about seven months, which doesn't leave much room for error to have the system working by November.

"We've got a very tight timeframe, though, and we realize that there's risk there, but in the end we thought this was the least risky path," the health secretary said.

Republicans have called for investigations into how the state's exchange was managed and criticized what amounts to the loss of tens of millions of dollars in fixing the flawed system.

U.S. Rep. Andy Harris, the only Republican in the state's congressional delegation, called on the inspector general of the U.S. Department of Health and Human Services to investigate, and the inspector general has agreed to conduct a review.

Harris, a physician, said in a statement Tuesday night, "Regrettably, as opposed to joining the federal exchange, going with the Connecticut technology will still cost Marylanders tens of millions of dollars more."

Daniel Levinson, the inspector general for HHS, provided an update on Tuesday about the review. In a letter, Levinson wrote that his office will determine whether Maryland's health department complied with federal requirements related to the development and implementation of the exchange.

That will include a review of whether the state complied with award requirements and used federal funds as intended, as well as an assessment of whether the state procurement process met federal requirements. The review also will analyze spending and determine whether costs were "allowable, reasonable, and allocable according to federal requirements," Levinson wrote in the letter. The review also will make recommendations for financial recovery, if appropriate.

Democratic Gov. Martin O'Malley and Lt. Gov. Anthony Brown have blamed vendors for failing to deliver the product promised to the state, specifically IBM and Curam.

"Our administration has not succeeded at every first try, but we have never given up," O'Malley and Brown said in a joint statement after the board's vote. "We learn from both success and failure. The vendors we hired failed to build us the platform they promised."

Clint Roswell, a spokesman for IBM, criticized the state's leadership, noting that O'Malley has said the state reached enrollment goals, despite the problems.

"In brief, the state's enrollment goal was reached despite its own failures of leadership," Roswell said in a statement. "We will now turn our attention to a successful transition of the project."

O'Malley, speaking at a news conference in Annapolis after he heard about IBM's statement, responded, "We take responsibility for fixing that, and we'll see IBM in court."

Senate President Thomas V. Mike Miller questioned why government officials oversaw the creation and launch of the website rather than someone from the private sector with information technology experience, The Sun reported.

"The rollout of this leaves a lot to be desired," Miller told the paper. "You can blame it on the contractor, blame it on the subcontractor, but the buck stops with state government. And it hasn't been done properly. State money has not been used wisely, and we need to move forward as expeditiously as possible in getting this right."

Sharfstein provided updated enrollment numbers on Tuesday. He said the state enrolled 60,003 people into private health plans. The state initially hoped to have 150,000 enrolled in private plans. O'Malley has tried to offset the disappointing private plan enrollments by highlighting a higher numbers of Medicaid enrollments through the federal Affordable Care Act. Sharfstein said Tuesday that 232,025 have been enrolled in Medicaid. The state's goal of total enrollments was 260,000.

The Associated Press contributed to this report.



Tim Raphael
Senior Vice President
Strategies 360



Message

From: Patricia McCaig [redacted]
Sent: 4/4/2014 11:10:02 PM
To: BONETTO PERSONAL EMAIL [redacted]
Subject: Re: observations

nicely done.

Patricia McCaig

[redacted]

On Apr 4, 2014, at 3:56 PM, Gmail wrote:

Following up from call with Bruce, Clyde, Jordan and George Brown. Key takeaways below...

1) Revising contract now to have Hamstreet assuming executive role and reporting to the board....and ensuring that there is board oversight and invoice approval for the contract. Bruce would step down effective next week after board meeting...and be available as needed.

2) I will send you the next version of the contract (my guess is this weekend) for your review.

3) Timing of roll out will be focused on next Thursday's board mtg. Next steps will be for Liz to communicate to CO board that she has asked George to put together a proposal for executive transition (since he's leading the recruitment process for the next ED). George would present the Hamstreet contract and transition at the board meeting and ask for board approval.

On Apr 4, 2014, at 7:22 AM, Patricia McCaig [redacted] wrote:

All tracking. Phew. Thanks.

PMc

On Apr 4, 2014, at 12:28 AM, BONETTO PERSONAL EMAIL [redacted] wrote:
Thanks...this is aligned with what I have set up. Thinking we have a 2 step decision process at the moment. 1) How to handle Hamstreet contract and Bruce's exist....and 2) Decision on IT platform.

1) I've talked with Bruce and he's ready to step down next week if that's final decision....and to stay on for 1-2 weeks for any transition if needed.

2) I have a call scheduled at 1:00 tomorrow with Bruce, Hamstreet, Jordan, Liz Baxter and George Brown to get clarity on 1) who Clyde will actually be reporting to, 2) who will be signing the contract and 3) the roll out of introducing Clyde.

Bottom line -- Clyde will take his lead from Governor...so if we want Bruce to step down next week - and have the Board own the contact...we should have Governor call Clyde after our 11:15 call.

3) I talked with George Brown about the board needing to be in charge of Hamstreet contract...he agrees. I'm talking to Liz Baxter tomorrow morning about this as well. I think preference would be to have Liz as board chair sign the contract.

4) I have several key things below identified by Jordan's team that need to be addressed in the contract and that we'll look to get clarity on tomorrow:

- Initial concern is that this seems to essentially a time and materials contract with somewhat nebulous deliverables and no real milestones. There is a not to exceed cap of $100K – but is there any method to manage that cost? Are they prepping restructure to hand off to a new ED...and if so, are they going to burn that down in 3-4 months? or a year?

- The contract is written as an "hourly plus expenses" contract as opposed to a "deliverables" based contract. The not-to-exceed value of the contract, including expenses, is $100,000.
- There is no assurance that the work will be completed within the budget allowed
- There are multiple types of expenses identified, with no estimates of the cost and clear path for pre-approval by Cover Oregon
(examples: outside attorneys retained by Hamstreet, 3rd party consultants retained by Hamstreet, travel expenses for Hamstreet and their subcontractors)

- The compensation structure offers little budgetary or financial control for Cover Oregon
- $40,000 retainer fee (this is 40% of the value of the contract).
- Hamstreet may draw down from the retainer for amounts it believes are due. There are no deliverables for Cover Oregon to accept, and there is no provision for Cover Oregon to review or "accept" the invoice as accurate before the payment becomes due

- The contract as written encroaches on an employment relationship with Mr. Hamstreet:
Primarily of concern is that Mr. Hamstreet is identified as the "Chief Restructuring Officer" who will, among other duties:
- Participate in major decisions of Cover Oregon
- Provide senior leadership in business operations
- Have authority to direct the implementation of the restructuring

4) We'll need to make a decision on how we want to handle next Thursday's Cover Oregon board mtg probably by next Monday. We could slow walk this through the end of open enrollment before making any decision public. This would mean that Hamstreet and Alex would need to execute the contract with Deloitte to become the system integrator before having anything go before the board. Just need to think through if that decision should go to the board prior to signing. May be able to say that Deloitte will be needed in that role for either decision (state-based vs. federal)...so management team needed to execute contract immediately.

On Apr 3, 2014, at 9:36 PM, Patricia McCaig [redacted] wrote:

Mike, just some preliminary observations to help discussions

Patricia McCaig

[redacted]

<Observations.docx>

From: Tim Raphael [RAPHAEL CONSULTANT EMAIL]
Subject: Fwd: Kitz Tech Discussion Memo
Date: April 3, 2014 at 5:26:32 PM PDT
To: Mark Wiener [LOOPER CONSULTANT EMAIL]

Mark and Kevin,
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FROM: The Team
RE: Cover Oregon Technology Options

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In speaking with Alex it is clear that the technology team's recommendation was significantly influenced by CMS's late determination that if Oregon were to move to the federal exchange it would not be allowed to transfer enrollee data. Moving to the federal exchange -- which Alex concedes is the least risky technical option -- would force the state to essentially start over with all enrollment and walk away from its investment to date. Because the tech team had already ruled out adopting another state's technology as overly risky, CMS's determination essentially left the team with no option other than the default option of continuing investment in the current technology. That's problematic for two reasons. First, Alex describes Oracle's platform as having "fundamental technological and architectural problems." And second, it seems doubtful the federal exchange is actually a viable Plan B if it requires a do-over on enrollment, does not preserve any of the state's investment to date, and requires a risky technology transfer of Medicaid enrollment from Cover Oregon back to the Oregon Health Authority.

Instead of a "100-Day Plan," the tech team's recommendation would be better named the "all-in with the existing technology platform plan." And Alex says he cannot guarantee success or estimate what the total cost will be. He believes there is at least another year of development (and investment) required to build-out functionality to include renewals, change of circumstance and other modules.

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Alex's charge should be to identify the least risky option to ensure end-to-end online sign-ups for the public during the fall 2014 open enrollment period.

From: aaron.x.patnode[redacted]
Sent: 4/4/2014 5:50:35 PM +0000
To: bgoldberg[redacted]
CC: alex.pettit[redacted] bruce.wilkinson[redacted]
chris.blanton[redacted]
erick.doolen[redacted]; gjbrown[redacted] jkenagy[redacted]
john.cimra[redacted]liz[redacted]
sean.p.kolmer[redacted] sue.hansen[redacted] EDLUND
Tina D <Tina.D.EDLUND[redacted]; vanpeltgreg[redacted]
Subject: Re: REQUEST: Any word on recommendation?

Great. Thank you for the information. Will wait for Monday for further discussion.

Congratulations on making the first critical checkpoint!

Aaron

Aaron Patnode
Executive Consultant
Regional Manager, Health Reform Implementation

Kaiser Permanente
Strategic Planning & Health Plan Services
500 NE Multnomah St., Suite 100
Portland, OR 97232

[redacted]

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From: "Goldberg, Bruce"[redacted]
To: Aaron X Patnode/OR/KAIPERM@KAIPERM
Cc: PETTIT Alex * CIO[redacted] "bruce.wilkinson[redacted] <bruce.wilkinson[redacted]
"chris.blanton[redacted] <chris.blanton[redacted] "erick.dooler[redacted]
<erick.dooler[redacted] "GJBROWN[redacted]" <GJBROWN[redacted] "JKENAGY[redacted]
<JKENAGY[redacted] "john.cimral[redacted] <john.cimral[redacted] "liz[redacted] <liz[redacted]
KOLMER Sean P * GOV[redacted]state.or.us>, "sue.hanser[redacted] <sue.hansen[redacted]
EDLUND Tina D[redacted]@state.or.us>, "vanpeltgreg[redacted]
Date: 04/04/2014 10:41 AM
Subject: Re: REQUEST: Any word on recommendation?

We have go ahead to go sole source – secured on Wednesday.
We can discuss further at Monday meeting.
b

From: "Aaron.X.Patnode" <Aaron.X.Patnode
Date: Friday, April 4, 2014 10:29 AM
To: Bruce Goldberg <bgoldberg
Cc: PETTIT Alex * CIO state.or.us>, "bruce.wilkinson
<bruce.wilkinson "chris.blanton
<chris.blanton "erick.doolen
<erick.dooler "GJBROWN <GJBROWN
"JKENAGY <JKENAG "john.cimral
<john.cimra , "liz <liz KOLMER Sean P * GOV
<sean.p.kolmer "sue.hansen <sue.hansen EDLUND
Tina D <tina.d.edlund "vanpeltgreg <vanpeltgreg
Subject: REQUEST: Any word on recommendation?

Hello Bruce,

I'm wondering if perhaps there have been any developments related to Cover Oregon's pathway forward for 11/15/14 open enrollment, specifically relating to the recommendation(s) out of the IT Advisory Committee. I recall that 4/4/14 was one of the key trigger dates that needed to be met for a key piece of work in order for the plan to continue forward.

While I'm sure we will discuss this during Monday's meeting, I find myself wondering if Cover Oregon was successful in fulfilling that first step we discussed as a group.

Any insight you are comfortable sharing I'm sure would be appreciated by those involved in the Advisory Meetings.

Thanks!

Kind regards,

Aaron

Aaron Patnode
Executive Consultant
Regional Manager, Health Reform Implementation

Kaiser Permanente
Strategic Planning & Health Plan Services
500 NE Multnomah St., Suite 100
Portland, OR 97232



kp.org/thrive

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From:	GOLDBERG Bruce [redacted]
Sent:	4/6/2014 11:28:35 PM +0000
To:	PETTIT Alex * CIO [redacted] BONETTO Mike * GOV [redacted] WENTZ Patty [redacted] KOLMER Sean P * GOV [redacted]
Subject:	Follow up tasks
Attachments:	Oregon Letter 2014 02 05.pdf

Following up on our call from yesterday.

Here are tasks.

Bruce: To gather Cover Oregon budget/remaining funds by Monday morning.

Alex:

Email tech team Monday morning to postpone meeting for a week.

Costs of moving to federal technology by wed a.m.

Costs of fixing cover Oregon current system to for nov open enrollment

Costs of moving to Connecticut system

Outline rationale for not using Exeter – see attached Exeter letter. Alex, there have been several meetings with Cov Oregon tech team and Exeter tech teams to gather info on this. Both Aaron and Tom Mckivor have info and could do this for you.

Bruce and Alex – to make calls to tech team Monday morning

Mike – reschedule Monday 9 am meeting

Patty – draft talking points/email re tech meeting postponement

Thanks all

b

EXETER

EXETER GROUP, INC.
300 BOYLSTON STREET, SUITE 3500
BOSTON, MA 02199

[redacted]

February 5, 2014

Bruce Goldberg
Acting Executive Director
Cover Oregon
16760 SW Upper Boones Ferry Road; Suite 200
Durham, OR 97224

Dear Bruce:

I am writing to outline Exeter Group, Inc.'s (Exeter's) proposed approach to assist Oregon to quickly establish a functioning and robust on-line Health Insurance Exchange available to the residents and small businesses of Oregon. As outlined in this letter, we propose to provide a prototype of Oregon's working Exchange at no cost to the state to allow Oregon to validate how the OneGate™ approach can help the state quickly achieve a working Health Insurance Exchange.

OneGate for Oregon

As you know, Exeter has been deeply invested in the state and Cover Oregon since 2010. Based on our meetings and discussions, Exeter is confident that OneGate specifically meets Oregon's short-term needs and addresses its long-term goals with minimal risk to the state. OneGate is the only solution in the marketplace that will leverage all of the technology assets and work product established in the state over the last three years. It is a configurable commercial off-the-shelf (COTS) Health Insurance Exchange (HIX) and Integrated Eligibility (IE) product that is modular, flexible, scalable and designed to meet federal mandates in an accelerated timeframe. It is the only COTS product that is built with the same underlying Oracle technology that Oregon has already invested in, and it is currently implemented in two State-Based Exchanges. One of those Exchanges, Vermont Health Connect, has consistently led the U.S. in Exchange enrollments since October 1, and has enrolled 33.4% of the addressable population.

The OneGate option is specifically well-suited for Oregon for several reasons:

- **OneGate delivers Oregon's needed functionality now, and supports the long-term vision of the state.** OneGate was purpose built for state-based Exchanges. It includes a CMS-approved streamlined application for both MAGI Medicaid and Advanced Premium Tax Credit (APTC) and provides real-time eligibility determination in a user-friendly manner. As the name "OneGate" implies, the product provides the framework that supports Oregon's vision for a true one-stop portal for insurance and public assistance programs.

- **OneGate provides significant functionality to augment the current progress being made on the Cover Oregon solution.** OneGate's rich functionality goes beyond the minimum technology needed to go live with online application, plan selection and enrollment for individuals and families. It also provides SHOP Exchange for employers and employees, the ability to use the automated system to report a Change of Circumstance, Self-service Account Features, Community partner/Broker functionality, support for Disenrollment and Special enrollments and other advanced functionality.

GOV_HR00078719

- **OneGate is the only option that uses the same underlying technology that Oregon has already purchased.** Like Oregon, OneGate uses the same underlying Oracle technology including Oracle Policy Automation, Oracle SOA Suite, and Siebel CRM. The only other states that have successfully implemented this technology for a State-based Exchange are Hawaii and Vermont, both using OneGate. Oregon can re-use its existing Oracle technology licenses, keep the institutional knowledge that it has built over the last three years, and re-use the work that has been achieved while using OneGate for the acceleration needed to go live.
- **OneGate provides Cover Oregon with a configurable COTS solution that is easy to maintain in the long-term.** Whatever solution Cover Oregon chooses, long-term sustainability will be key for the long-term health of the organization. OneGate is specifically designed to be configurable for state-specific needs without requiring the development/customization that transfer solutions require. OneGate is a COTS product that provides long-term support, maintenance and new development strategies without requiring the state to maintain a large in-house development team.

Proposed Approach

Exeter proposes to provide an Oregon-specific, fully functional Exchange in a matter of weeks to allow Cover Oregon to validate the approach and experience the production software at low risk and no cost to the state.

Exeter proposes to start with a two-day "deep dive" with Cover Oregon experts to gather the functional and technical information needed for the Oregon-specific configuration of the product. Following the deep dive, Exeter will provide a prototype with highly scalable server architecture in a production-like environment using Amazon Cloud. At that time, Cover Oregon will have the opportunity to fully evaluate and validate the Oregon solution.

Exeter anticipates that prototype phase would be completed in a four-week timeframe. Should Cover Oregon decide to move forward with the OneGate product, Exeter will work closely with the organization to assist with CMS approval and move the prototype into production immediately.

The prototype approach balances Oregon's tight timeline with One Gate's robust functionality. It provides a depth of functionality in very short time frames. Exeter anticipates the prototype will include the following features:

- OneGate Functionality for Individuals and Families, SHOP and Navigators/Brokers
- OneGate Case Management Functionality
- Change of Circumstance Functionality
- Federal Hub Integration with re-use of Oregon's existing integration
- Provider and Facility Search Features
- Oregon-specific Health Plans
- Oregon State-Specific Rules
- Initial Noticing for defined communications
- Identity Management
- Data Conversion Approach

GOV_HR00078720

For the prototype phase described above there will be no cost to Oregon. After the four-week prototype phase, should Oregon determine to move forward with licensing the OneGate product, Exeter will work with Oregon to finalize pricing, scope and timeline.

We are prepared and ready to work with Oregon on this critical step to move to a production-ready Exchange and to help the state realize its commitment to providing its citizens with access to healthcare options. I would welcome the opportunity to further discuss this proposed approach with you and to answer any questions you may have. I can be reached at any time at [redacted]

Best Regards,

Matt Cahir
Senior Vice President, Global Sales
Exeter Group, Inc.

From: Patty [WENTZ PERSONAL EMAIL]
Subject: One last thing tonight before the Good Wife.
Date: April 6, 2014 7:44:53 PM PDT
To: Patricia McCaig [redacted]net>, Tim Raphael [RAPHAEL PERSONAL EMAIL]



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Hi All,

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Would it be possible before that notice is given to have a communications plan around it? As we know, everything that happens at CO goes immediately to press. If we start giving contractors notice people will assume coming out of Friday's story that it's another step toward the federal exchange and will be another blow against our ability to lay things out in an organized fashion.

Here are the talking points for the tech team email and I know they will also receive phone calls from Bruce or Alex as well.

Email from Alex to tech workgroup re: rescheduling Monday meeting

Subject: Monday's meeting rescheduled

As I get up to speed on things at Cover Oregon, I'd like to take an additional week to gather information about the options before us so that I can present a clearer picture to you. For that reason, I'd like to postpone this afternoon's meeting for one week and reconvene on Monday, April 14. We all know that time is of the essence and I will have more complete information at our next meeting to best inform your recommendation.

From: Patricia McCaig [redacted]



Subject: 9:00 a.m. call reminder

Date: April 7, 2014 7:46:56 AM PDT

To: Mark Wiener [redacted] LOOPER CONSULTANT EMAIL, Tim Raphael [redacted] RAPHAEL CONSULTANT EMAIL, BONETTO PERSONAL EMAIL, [redacted] Nkenge Johnson [redacted] HARMON JOHNSON CONSULTANT EMAIL, Patty Wentz [redacted] WENTZ PERSONAL EMAIL, Dmitri Palmateer [redacted] PALMATEER PERSONAL EMAIL

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Here are the updates (anything else?)

1) Other state options.

2) Total costs of moving to federal exchange.

3) Possibility of maintaining Oregon's transformation efforts while moving to federal exchange.

4) any new updates since Friday to Deloitte's response/proposal to moving forward with Oregon's website

Patricia McCaig
[redacted]

From: Patty [WENTZ PERSONAL EMAIL]
Subject: One last thing tonight before the Good Wife.
Date: April 6, 2014 7:44:53 PM PDT
To: Patricia McCaig [redacted]net>, Tim Raphael [RAPHAEL PERSONAL EMAIL]



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BONETTO PERSONAL EMAIL

From: [redacted]
Subject: CO follow up...
Date: April 6, 2014 10:32:07 AM PDT
To: Patricia McCaig [redacted]

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[Important note...Patty is very concerned that Alex is trying to find a way to salvage this and make it work for the state...as opposed to turning it over the feds. Much of that concern has to do with his budget analysis showing a hole...and that if we have to go back to the feds and ask for $$...why not ask for enough to fix it. We may need to push back hard on Alex on this.]

2) Total costs of moving to federal exchange. We still need more info on this....not sure we'll have any more info by our 9:00 call tomorrow.

3) Possibility of maintaining Oregon's transformation efforts while moving to federal exchange. I've asked Sean to put together some points on this and should have later today.

So...just want to make sure we're on the same page on how you want to handle tomorrow's 9:00 call and the rest of the week. Seems like we need a plan on how to handle any delayed decision and how/when to make the final decision.

Happy to connect later today to talk through some of this.
Thx,

MB

Message

From: Patricia McCaig [redacted]
Sent: 4/7/2014 5:22:01 AM
To: BONETTO PERSONAL EMAIL
Subject: Re: Revised Hamstreet contract..

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Sent: 4/7/2014 3:00:24 PM
To: Patricia McCaig [redacted]
Subject: Re: 9:00 a.m. call reminder

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CC: BONETTO PERSONAL EMAIL [redacted]; Nkenge Johnson HARMON JOHNSON CONSULTANT EMAIL [redacted]; Patty Wentz WENTZ PERSONAL EMAIL [redacted]; Dmitri Palmateer PALMATEER PERSONAL EMAIL [redacted]
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From: Sean Kolmer [KOLMER PERSONAL EMAIL]
Sent: 4/7/2014 2:37:58 AM
To: [BONETTO PERSONAL EMAIL]
Subject: Re: few bullet points..

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other thoughts?

On Sun, Apr 6, 2014 at 10:32 AM, [BONETTO PERSONAL EMAIL] wrote:
great...many thx

On Apr 6, 2014, at 10:20 AM, Sean Kolmer [KOLMER PERSONAL EMAIL] wrote:

yup. on my plate already for today. will send something tonight.

On Sunday, April 6, 2014, [BONETTO PERSONAL EMAIL] wrote:
SK -
Can I ask a favor if you have time later this evening. Would like to get a few bullet points on how Oregon could maintain control of its HST work despite making a move to the federal exchange. I know we've briefly discussed this before...but need to get a few things down on paper. Guessing that this entails some pros/cons...but highlights that the Insurance Division could be put in the position of certifying qualified plans which would have to align with our care model.
MB

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Patricia McCaig

[redacted]

From: John Kitzhabe [redacted]
Subject: Re Thoughts from Earnest Shackleton
Date: April 7, 2014 1 06 06 PM PDT
To: Patricia McCaig [redacted]

Yes, Agree not to raise possibility of federal funds. Did you have any discussion of keeping the hybrid process (and recovering damages plus from Oracle)?

From: Patricia McCaig [redacted]
Date: Monday, April 7, 2014 at 12 56 PM
To: John Kitzhaber [redacted]
Subject: Re: Thoughts from Earnest Shackleton

Governor, we're tracking.

First, we are headed in the direction of a presentation to the CO board on Thursday with an update on the process/complexity of the IT options - likely Bruce/Alex. And we are discussing opening the IT meetings up to the public.

Based on what we've learned today - Numbers 1 (staying with current) and 3 (Connecticut) will both beyond our budget and will require federal money in 2014 ($40-60m estimate) and both still have time and reliability questions to be answered. As a result of this information we have asked the team to come back by 6:00 p.m. Tuesday with:

1) a financial estimate for moving to the federal exchange (there is an assumption that it will be less expensive than the other options, but we don't know that)
2) a **$ 30 million scope** of work for staying with the current and/or going to Connecticut, and
3) the pros and cons (financial) of staying with the hybrid process through November, but ready with something in 2015.

(We will do further cost, time, reliability refinements of 1) staying with the current technology and 2) the Connecticut option after we review the information we've requested for tomorrow)

We think with all the information above, we should have a better ability to evaluate the risk and reliability "costs" for all of the options as well as the assess the 1-4 criteria below.

THIS IS IMPORTANT: at this point we do not think you should even raise the possibility of a need for federal funds with folks in D.C. We need so much more information before that decision - and if that does become the decision it will require substantial political setup.

Stay tuned.

Patricia McCaig
[redacted]

On Apr 7, 2014, at 12:07 PM, John Kitzhaber wrote:

Thoughts on Cover Oregon

Information we need to make a decision:

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2. Going to federal site
3. Going to Connecticut

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ON the Cover Oregon Board I think we should have the hearing this week and be very transparent about the complexity and the options we are addressing even if we are not ready to make a final decision at this point. We will have to live with the story about not being able to enroll on line but we should not have to detail with stories about lack of transparency.

JK

From: John Kitzhaber [redacted]
Subject: Re: Thoughts from Earnest Shackleton
Date: April 7, 2014 1:35:53 PM PDT
To: Patricia McCaig [redacted]

Makes sense. FYI I am talking to DOJ tomorrow about legal action, timing, etc.
JK

From: Patricia McCaig <[redacted]
Date: Monday, April 7, 2014 at 1:32 PM
To: John Kitzhaber <[redacted]
Subject: Re: Thoughts from Earnest Shackleton

Yes - developing financial pros/cons of hybrid and realistic timeline for 2015. Mike and I talked offline about Oracle - we're leaning, regardless of which option, of announcing we're going "after" them. Cobbling a narrative together for the CO thursday which has to do with getting CO/you on the side of doing everything you can to stay within the budget, daylighting what that actually means in terms of product, and going after Oracle. Next, let the process work, get the evaluation of the costs/benefits out there and if there are important benefits that are must haves and cost more, then everyone decides to go for more money. But we need to start the discussion from a different place. Make sense?

Patricia McCaig
[redacted]

On Apr 7, 2014, at 1:06 PM, John Kitzhaber wrote:

Yes, Agree not to raise possibility of federal funds. Did you have any discussion of keeping the hybrid process (and recovering damages plus from Oracle)?

From: Patricia McCaig [redacted]
Date: Monday, April 7, 2014 at 12:56 PM
To: John Kitzhaber <[redacted]
Subject: Re: Thoughts from Earnest Shackleton

Governor, we're tracking.

First, we are headed in the direction of a presentation to the CO board on Thursday with an update on the process/complexity of the IT options - likely Bruce/Alex. And we are discussing opening the IT meetings up to the public.

Based on what we've learned today - Numbers 1 (staying with current) and 3 (Connecticut) will both beyond our budget and will require federal money in 2014 ($40-60m estimate) and both still have time and reliability questions to be answered. As a result of this information we have asked the team to come back by 6:00 p.m. Tuesday with:

1) a financial estimate for moving to the federal exchange (there is an assumption that it will be less expensive than the other options, but we don't know that)
2) a **$ 30 million scope** of work for staying with the current and/or going to Connecticut, and
3) the pros and cons (financial) of staying with the hybrid process through November, but ready with something in 2015.

(We will do further cost, time, reliability refinements of 1) staying with the current technology and 2) the Connecticut option after we review the information we've requested for tomorrow)

We think with all the information above, we should have a better ability to evaluate the risk and reliability "costs" for all of the options as well as the assess the 1-4 criteria below.

THIS IS IMPORTANT: at this point we do not think you should even raise the possibility of a need for federal funds with folks in D.C. We need so much more information before that decision - and if that does become the decision it will require substantial political setup.

Stay tuned.

Patricia McCaig
[redacted]

On Apr 7, 2014, at 12:07 PM, John Kitzhaber wrote:

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ON the Cover Oregon Board I think we should have the hearing this week and be very transparent about the complexity and the options we are addressing even if we are not ready to make a final decision at this point. We will have to live with the story about not being able to enroll on line but we should not have to detail with stories about lack of transparency.

JK

From: Tim Raphael [RAPHAEL CONSULTANT EMAIL]
Subject: Fwd: Kitz Tech Discussion Memo
Date: April 3, 2014 at 5:26:32 PM PDT
To: Mark Wiener [LOOPER CONSULTANT EMAIL]

Mark and Kevin,
I'd appreciate comments on the attached draft memo to the Governor…maybe too directive…no pride of authorship…
Tim

TO: Governor Kitzhaber
FROM: The Team
RE: Cover Oregon Technology Options

The focus of our meeting Friday morning is to discuss the timing and substance of the technology team's preliminary recommendation to the Cover Oregon Board. After a briefing from Alex Pettit, we have significant concerns about the recommendation of a "100-Day Plan" to continue the build-out of Cover Oregon's existing technology platform while also preparing for the possibility of moving to the federal exchange. We are convinced it would be a mistake for the board to send any signal at its meeting next week about next steps on technology.

In speaking with Alex it is clear that the technology team's recommendation was significantly influenced by CMS's late determination that if Oregon were to move to the federal exchange it would not be allowed to transfer enrollee data. Moving to the federal exchange -- which Alex concedes is the least risky technical option -- would force the state to essentially start over with all enrollment and walk away from its investment to date. Because the tech team had already ruled out adopting another state's technology as overly risky, CMS's determination essentially left the team with no option other than the default option of continuing investment in the current technology. That's problematic for two reasons. First, Alex describes Oracle's platform as having "fundamental technological and architectural problems." And second, it seems doubtful the federal exchange is actually a viable Plan B if it requires a do-over on enrollment, does not preserve any of the state's investment to date, and requires a risky technology transfer of Medicaid enrollment from Cover Oregon back to the Oregon Health Authority.

Instead of a "100-Day Plan," the tech team's recommendation would be better named the "all-in with the existing technology platform plan." And Alex says he cannot guarantee success or estimate what the total cost will be. He believes there is at least another year of development (and investment) required to build-out functionality to include renewals, change of circumstance and other modules.

There are too many questions, concerns and gaps to make a decision today. We recommend you give Alex the rest of the open enrollment period to better understand the risks, technology options and ramifications of various options, including revisiting the possibility of joining the federal exchange or adopting technology from another state. For the remainder of the open enrollment period, Cover Oregon would stick with its core message that everyone at the exchange is fully focused on boosting enrollment and that any decisions on technology will be made after the open enrollment period ends.

Alex's charge should be to identify the least risky option to ensure end-to-end online sign-ups for the public during the fall 2014 open enrollment period.

Message

From: Sean Kolmer KOLMER PERSONAL EMAIL
Sent: 4/8/2014 11:57:06 PM
To: Mike Bonetto BONETTO PERSONAL EMAIL
Subject: Re: 6:00 call tonight -

to be clear, we will have to run the hybrid process through December in any scenario.

On Tue, Apr 8, 2014 at 3:58 PM, Mike Bonetto BONETTO PERSONAL EMAIL wrote:

---------- Forwarded message ----------
From: **Patricia McCaig**
Date: Tue, Apr 8, 2014 at 7:02 AM
Subject: 6:00 call tonight -
To: BONETTO PERSONAL EMAIL
Cc: RAPHAEL PERSONAL EMAIL, Mark Wiener , Kevin Looper LOOPER CONSULTANT EMAIL

Here's what I think we are expecting information on tonight from Alex and Bruce - we all on the same page?

) a financial estimate for moving to the federal exchange
2) a **$ 30 million scope** of work for staying with the current and/or going to Connecticut
3) the pros and cons (financial) of staying with the hybrid process through November, but ready with something in 2015, and
4) a deadline for the IT decision (and the logic for the deadline)

We will do further cost, time, reliability refinements of staying with the current technology and the Connecticut option after we review the information above.

Patricia McCaig

From: John Kitzhaber[redacted]
Subject: Re: FYI
Date: April 8, 2014 11:13:46 PM PDT
To: Patricia McCaig[redacted]

Princess,

Thanks. We just got in and have to be up at 6am so will catch up with you tomorrow.

XX
E. Shackleton (days of complete darkness)

From: Patricia McCaig[redacted]t>
Date: Tuesday, April 8, 2014 at 5:17 PM
To: John Kitzhaber <[redacted]>
Subject: FYI

Here's the information we hope to get tonight. I will add the question about Oracle and how long we need them. Talk to you after...
Patricia McCaig
[redacted]

On Tue, Apr 8, 2014 at 7:02 AM, Patricia McCaig <[redacted] wrote:

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>
> **Patricia McCaig**
> [redacted]

Message

From: pwentz[WENTZ PERSONAL EMAIL]
Sent: 4/8/2014 9:03:04 PM
To: Patricia McCaig [redacted]; Tim Raphael [RAPHAEL CONSULTANT EMAIL] Mike Bonetto [BONETTO PERSONAL EMAIL]
Subject: Something to start with: Outline of board agenda and tech presentation
Attachments: Rough Outline.doc

This may be redundant with work others are dong but outlining it helps me think. It doesn't have all the q/a but a start. Also attached is the memo with the final recommendation from MD. I like the way the issues are laid out. Something to think about for when we are ready for that step.

I also want to flag something - the tech committee thinks that they have made the final recommendation - Deloitte w/ fed as a back up. So we'll need to prep them ahead of time.

Tonight or tomorrow morning we can talk about the staging of the tech committee next board meeting.

pw

Message

From: Patricia McCaig [redacted]
Sent: 4/9/2014 12:52:52 AM
To: WENTZ PERSONAL EMAIL
CC: Tim Raphael [redacted] RAPHAEL CONSULTANT EMAIL; Mike Bonetto BONETTO PERSONAL EMAIL
Subject: Re: Something to start with: Outline of board agenda and tech presentation

Let's see how late we go with the 6. Mike and I are already tentatively scheduled for another call after. More likely tomorrow.

Patricia McCaig
[redacted]

On Apr 8, 2014, at 5:46 PM, WENTZ PERSONAL EMAIL wrote:

I can do another call later tonight but it would be great if it could be after 8:00 so I have time to get out of Tigard. Will be here with BG for the 6:00 call.

From: "Tim Raphael" RAPHAEL CONSULTANT EMAIL
To: "Patricia McCaig" [redacted]
Cc: WENTZ PERSONAL EMAIL "Mike Bonetto" BONETTO PERSONAL EMAIL
Sent: Tuesday, April 8, 2014 5:41:51 PM
Subject: Re: Something to start with: Outline of board agenda and tech presentation

I can't view outline...please resend
Tim Raphael
Senior Vice President
Strategies 360
[redacted]

On Apr 8, 2014, at 5:36 PM, "Patricia McCaig" [redacted] wrote:
The outline is fine and I know we are working on content.I think tonight's discussion and maybe one other will help me edit this a bit. We do need a separate conversation on the Hamstreet agenda item, q and a etc. We should schedule that tonight.

Patricia McCaig
[redacted]

On Apr 8, 2014, at 2:03 PM, WENTZ PERSONAL EMAIL wrote:

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pw
<Rough Outline.doc>

From: pwentz[WENTZ PERSONAL EMAIL]
Subject: Something to put in the mix
Date: April 8, 2014 1:53:29 AM PDT
To: Patricia Mccaig[redacted], Tim Raphael[RAPHAEL PERSONAL EMAIL]

That you have probably already flagged but just in case...cover oregon will have to start notifying the 70k or so private covered people well in advance of Nov 15 to let them know they have to re enroll in federal exchange. Not sure best practices for the industry but I would think starting mid sept.

Sent from my Verizon Wireless 4G LTE smartphone

Message

From: Mike Bonetto [BONETTO PERSONAL EMAIL]
Sent: 4/8/2014 9:12:27 PM
To: Patricia McCaig [redacted]
Subject: Update from feds...

From: Goldberg, Bruce [GOLDBERG COVER OREGON EMAIL]
Sent: Tuesday, April 08, 2014 1:55 PM
To: BONETTO Mike * GOV; KOLMER Sean P * GOV
Subject: Federal Market

Sean and I were on a call with Marilyn Tavenner today regarding timeline for decision making about our exchange.
He will certainly fill you in on details.
However, there was a new piece of info re the federal exchange.

Two weeks ago Tereesa Miller and team were very clear that states who choose to go to the FFM will not get any funding etc.
They have now reconsidered that.

Should we choose to go to the FFM.....they would like to consider any state that goes to the FFM a state based market.
In that regard there will be funding for some functions through 2015.
States would manage their market, provide some outreach and eduction, manage assisters and perhaps some other functions.
They would continue to be considered a state based exchange and could have their own state entry into the federal market, much like idaho does now.
The state would use the federal technology to enroll people etc.

b

From: **Christian Gaston** [redacted]
Subject: Re: The Oregonian questionnaire
Date: April 14, 2014 at 6:33 AM
To: Patricia McCaig [redacted]
Cc: Tim Raphael [redacted] RAPHAEL PERSONAL EMAIL Scott Nelson [redacted]

No, there's still time. I have to submit it by 9 a.m.

The quote was culled from recent re-election materials, whereas I had subbed in one from a previous questionnaire earlier. Not wedded to the quote, so any ideas are welcome.

--cg

On Monday, April 14, 2014, Patricia McCaig [redacted] wrote:

> I did not have time to struggle with the changes, but the governor's answer on the CRC is not good and not helpful, and the quote is awful. I had to get into a substantive issue on Cover Oregon with him, but didn't understand that no-one was checking the document for messaging. Has it gone?
>
> **Patricia McCaig**
> [redacted]

From: Patricia McCaig [redacted]
Subject: Question
Date: April 8, 2014 5:25:18 PM PDT
To: Tim Raphael [redacted] RAPHAEL PERSONAL EMAIL, Kevin Looper [redacted] LOOPER CONSULTANT EMAIL, Mark Wiener [redacted], Patty Wentz [redacted] WENTZ PERSONAL EMAIL, Mike Bonetto [redacted] BONETTO PERSONAL EMAIL

Can we quantify or prioritize the relative importance of each of these 4 outcomes (are some more important than others) and then create a matrix with each IT option, these 4 outcomes **PLUS cost, timing and reliability?** Or has the IT technical already done it?

1. Be financially sustainable
2. Ability to move transformation of the market
3. Create minimum disruption of current enrollees
4. Maximize use of agents and community partners

Patricia McCaig
[redacted]

From: John Kitzhaber[redacted]
Subject: Thoughts from Earnest Shackleton
Date: April 7, 2014 12 07 32 PM PDT
To: Patricia McCaig[redacted]

Thoughts on Cover Oregon

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Patricia McCaig

From: Patricia McCaig [redacted]
Subject: Re: 6:00 call tonight -
Date: April 8, 2014 4:55:41 PM PDT
To: Mike Bonetto [redacted] BONETTO PERSONAL EMAIL



thanks
Patricia McCaig
[redacted]

On Apr 8, 2014, at 4:52 PM, Mike Bonetto wrote:

For 6pm call....

[redacted]

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[redacted]

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Patricia McCaig

[redacted]

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Message

From: Mike Bonetto [BONETTO PERSONAL EMAIL]
Sent: 4/9/2014 5:13:24 AM
To: Patricia McCaig [redacted]
Subject: Re: Presentation

No...didn't know this is what was presented...

On Tue, Apr 8, 2014 at 9:48 PM, Patricia McCaig [redacted] wrote:
Did you see this? Am I the only one who did not know or understand that Bruce had presented this as a recommendation to legislators last week? While we were all still discussing it? We need to go thru it and make sure that we don't trip ourselves up in the pros and cons. Unfortunately it doesn't start with cost or risk, but does include them in the pros/cons. And does end with requires more cost information.
Patricia McCaig
[redacted]

Begin forwarded message:

From: [WENTZ PERSONAL EMAIL]
Subject: **Presentation**
Date: April 8, 2014 7:55:00 PM PDT
To: Patricia McCaig [redacted]

From: Mike Bonetto [BONETTO PERSONAL EMAIL]
Subject: Re: Presentation
Date: April 8, 2014 10:13:24 PM PDT
To: Patricia McCaig [redacted]

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> **Patricia McCaig**
> [redacted]
>
> Begin forwarded message:
>
> **From** [WENTZ PERSONAL EMAIL]
> **Subject: Presentation**
> **Date:** April 8, 2014 7:55:00 PM PDT
> **To:** Patricia McCaig [redacted]

Message

From: Patricia McCaig [redacted]
Sent: 4/9/2014 4:48:20 AM
To: Mike Bonetto [BONETTO PERSONAL EMAIL redacted]
Subject: Fwd: Presentation
Attachments: LegislativeOversightGroup-bg.pptx; HTML Attachment.html

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Patricia McCaig

[redacted]

Begin forwarded message:

From: [WENTZ PERSONAL EMAIL redacted]
Subject: **Presentation**
Date: April 8, 2014 7:55:00 PM PDT
To: Patricia McCaig <[redacted]

Cover Oregon
Technology Recommendation

Objectives

- Recommend to the Board of Directors the technology solution that will be used to support the 2015 open enrollment beginning 11/15/2014
- Document recommendation within a report for use by the Board of Directors
- Note: Any change in technology solution will necessitate a discussion with CCIIO

Participants

- Participants
  - Liz Baxter, Board
  - Teri Andrews, Board
  - George Brown, M.D., Board
  - Robin Richardson, Moda
  - Sue Hansen, Moda
  - Erick Doolen, PacificSource
  - John Kenagy, Legacy
  - Bruce Wilkinson, Providence
  - Chris Blanton, BridgeSpan
  - Aaron Patnode, Kaiser
  - Alex Pettit, CIO, State of Oregon
  - Tina Edlund, OHA
  - Greg VanPelt, OHLC
  - Bruce Goldberg, M.D., Cover Oregon
  - Aaron Karjala, Cover Oregon
  - Triz dela Rosa, Cover Oregon
- Meeting Assistance
  - Tom McKivor, Point B, subject matter expert
  - Jeff Burpo, Point B, record keeping, report writer
  - Matt Lane, Point B, facilitator

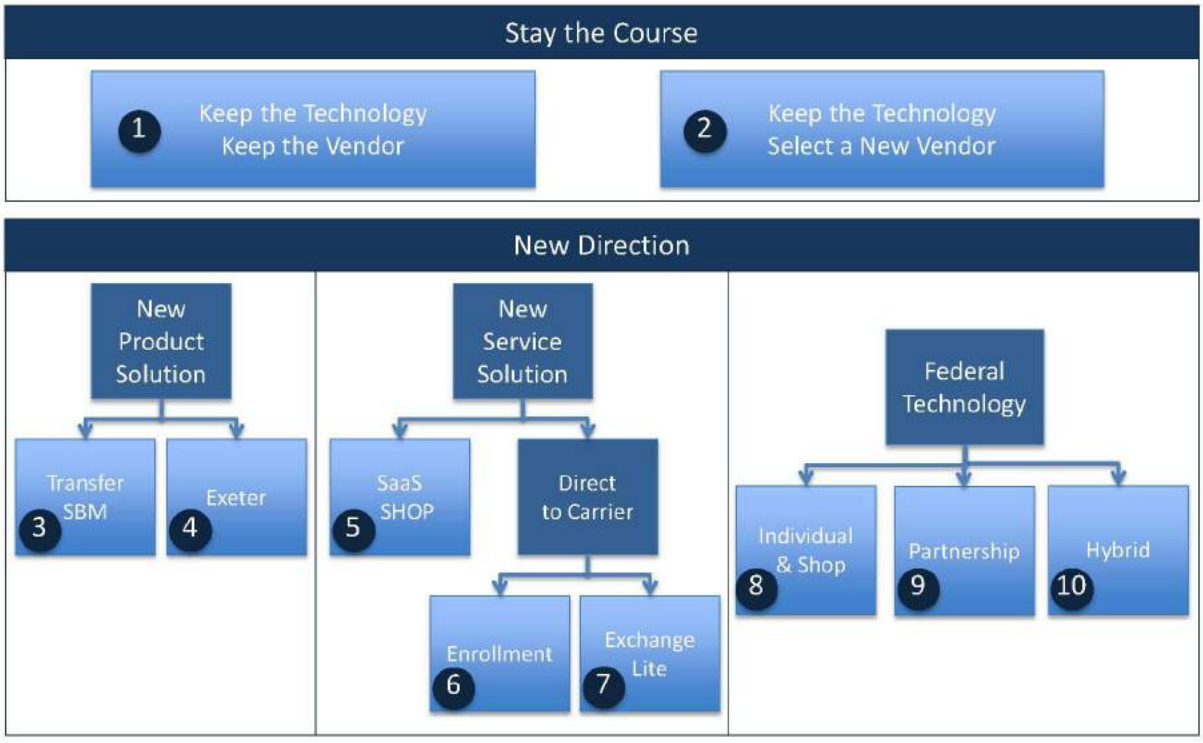
Approach

- Referenced consultant report and other information as inputs
- First round: Validate reduced alternatives
- Final recommendation:
  - Seek consensus to identify recommendation
  - Voting techniques as needed
- Leverage evaluation criteria for analysis
- Document group decisions not individual inputs

Reviewed Technology Current Status

- Architecture
- Functional Capabilities
- Defects
- Gaps and future roadmap

Solution Alternatives



Solution Feature Summary

	Functional Capability[1]	Stay Course Same Vendor (1)	Stay Course New Vendor (2)	Transfer SBM (3)	Exeter (4)	SaaS SHOP (5)	DTC Enrollment (6)	DTC Exchange Lite (7)	Fed Tech Ind & SHOP (8)	Fed Tech Partner (9)	Fed Tech Hybrid (10)
2014	Global UI	●	●	●	●	◎	◎	○	●	●	●
	Account Management	●	●	●	●	◎	◎	○	●	●	●
	Eligibility	●	●	●	●	◎	◎	◎	◒	◒	◒
	Plan Management	●	●	●	◒	◎	◎	○	●	◎	●
	Plan Selection & Enrollment	●	●	●	●	◎	◎	○	●	●	●
	Anonymous Browse	●	●	●	●	◎	◎	○	●	●	●
	Provider Search	●	●	○	○	◎	◎	○	○	○	○
	Find Assistance from Community Partner or Agent	●	●	○	○	◎	◎	○	○	○	○
	Foundational Capability										
	Case Management	●	●	●	◎	◎	◎	○	●	●	●
	Document Management	●	●	●	◎	◎	◎	○	●	●	●
	Business Analytics and Reporting	◒	◒	◒	◎	◎	◎	○	◒	◒	◒
	External Interfaces	◒	◒	○	◎	◎	◎	○	◒	◒	◒
2015	Financial Management	●	●	○	◎	◎	◎	○	◒	◒	◒
	Functional Capability										
	Renewals	○	○	○	○	○	○	○	○	○	○
	Change of Circumstance	○	○	●	●	○	○	○	●	●	●
	SHOP	○	○	●	●	●	○	○	○	○	●

[1] All 2014 functionality is associated with the Individual portal product
[2] A number of alternatives will continue to require CO functionality to be considered a complete solution

Feature Scoring ◎ Supported by CO Exchange[2] ● Complete ◒ Partial ○ Unavailable

Narrowed to 3 Alternatives

- #2, Keep the technology, new vendor
- #9, Federal partnership
- #3, State Transfer SBM

Pro / Con Factor Definitions

Factor	Definition
Alignment to Oregon needs	Degree to which the solution fits the State of Oregon needs
Impact to the State of Oregon	Cost and disruption issues impacting State of Oregon based on solution
Customer functional fit	Solution has all functional factors that Oregon customers require
Impact to Carriers	Cost and disruption issues impacting carriers based on solution
Impact to Community Partners & Agents	Satisfaction, cost and disruption issues impacting CPAs based on solution
Cost	Sunk solution costs, solution implementation costs, solution future costs, organizational changeover costs
Product performance	Success of the solution in the exchange marketplace
Timeline fit for November 2014	Ability to have solution ready to deploy by 11/15/2014
Disruption; business continuity impact	Business disruption & continuity issues caused by solution implementation

Pro / Con: #2 Keep the technology / new vendor

Factor	Pro	Con
Alignment to Oregon needs	• Exchange was designed based on Oregon policy, law and ability to shape decision making to meet Oregon's needs • Included full integration among variety of programs such as Medicaid, QHP	
Impact to the State of Oregon	• Fewer unknown risks than a new solution • Maintain integration to sister programs within Oregon which facilitates enrollment in Medicaid • Ability to use Agents can boost enrollments (5,000+ to date)	• Need for expertise and capacity to finish and manage an Oregon specific exchange
Customer functional fit	• Current technology allows Community Partners / Agents and Individuals to use the site	• Non operational SHOP
Impact to Carriers	• Carriers could have greater input into requirements	• Deployment of interfaces have been slow
Impact to CPA	• Agents have custom functionality within Cover Oregon portal	• Frustrated partners due to implementation issues

MBG2019067

Pro / Con: #2 Keep the technology / new vendor, cont.

Factor	Pro	Con
Cost (a more robust cost analysis to follow)	• Lower ongoing, long-term costs of 2.5% charged to carriers versus 3.5% charged by Federal • Ability to leverage sunk costs and assets into the future	• Higher initial one-time implementation costs than FFM alternative
Product performance	• Eligibility determination is working along with shopping and plan selection • Portal is enrolling customers through Agents	• Missing re-enrollment, change of circumstances and SHOP • Carrier interfaces not complete • Usability testing needs to be expanded to include end users
Timeline fit for November 2014	• Infrastructure and functionality is in place with enrollments occurring; no full implementation required	• Ability to meet tight timeline will depend on outstanding gaps analysis and ability to institute governance and program management improvements
Disruption; business continuity impact	• Higher continuity with current technology	• Disruption due to new vendor onboarding and potential architectural changes

MBG2019068

Pro / Con: #9 Federal Partnership

Factor	Pro	Con
Alignment to Oregon needs	• Inability to make custom changes • Has Individual QHP eligibility, plan shopping and enrollment • Has predetermined carrier interfaces	• Inability to make custom changes • Must fit into predetermined solution • Not an integrated solution for multiple State programs (short term) • Minimal Agent functionality • SHOP currently not deployed
Impact to State of Oregon	• Has end to end Individual functionality • Simplifies governance and decision making	• Lose ability to integrate with Medicaid • Lose flexibility on exchange roadmap including integration to multiple State programs
Customer functional fit	• Has all basic functional needs for individual	• Unknown at this point • Idaho consumers reported dissatisfaction dealing with Federal call center • Need for data migration • Full end-to-end testing cycle
Impact to Carriers	• Some carriers could leverage Federal interfaces already built	• Some carriers would need to develop new interfaces (11 carriers have interfaces; 5 do not) • Lesser match to Carrier technical needs, e.g., EDI versus web services
Impact to CPA	• None identified	• CPA do not have client management functionality • No ability to search for CPA's

MBG2019069

Pro / Con: #9 Federal Partnership, cont.

Factor	Pro	Con
Cost (a more robust cost analysis to follow)	• Lower one-time implementation cost	• 3.5% charged to Carriers versus 2.5% for State of Oregon • Decommissioning and transfer of assets costs
Product performance For November	• Functional system for Individuals • Has change of circumstance • Pay redirect is available	• No SHOP • Idaho reported inadequate support from Federal call center • Does not have redetermination • circumstance capability
Timeline fit for November 2014	• Shortest timeline of all alternatives	• None
Disruption; business continuity impact	• Unknown	• Impact to CO and Medicaid business and technology; continuity impacted

MBG2019070

Pro / Con: #3 State Transfer SBM
(e.g., Rhode Island)

Factor	Pro	Con
Alignment to Oregon needs	• Potential fit due to multiple state systems	• Need to complete gap analysis on alternatives • Must implement new State solution
Impact to State of Oregon	• There are states with end-to-end functionality including SHOP	• Lose flexibility on exchange roadmap including integration to multiple State programs • Need to reintegrate with Medicaid
Customer functional fit	• Rhode Island example solution has necessary functional areas	• Need to complete gap fit with any other state solution • No known state technology set up to transfer technical 100% solution fit to another state • Need for data migration • Full end-to-end testing cycle
Impact to Carriers	• Other state systems have carrier functionality (if fit for Oregon)	• Need to modify all interfaces to fit new solution
Impact to CPA	• Unknown	• Must learn new application

MBG2019071

Pro / Con: #3 State Transfer SBM, cont.

Factor	Pro	Con
Cost (a more robust cost analysis to follow)	• Similar costs for one-time implementation to "keep the technology" alternative • May have proven architecture	• More expensive one-time implementation costs than Federal option • Disruption and continuity costs • Limited set of solutions that can satisfy without significant modifications
Product performance For November	• Functioning system in other states	• Unsure about SHOP based on state solution • Unsure about re-enrollment and change of circumstance based on state solution
Timeline fit for November 2014	• Unknown	• Must confirm contract issues • Must select new solution • Must confirm new solution with CCIIO • Unsure of technical ability to be used by Oregon • Data transfer • Carrier interfaces must be reintegrated
Disruption; business continuity impact	• May be able to reduce number of manual work arounds based on solution	• CO would need to learn new system • Search and selection of new solution • Potential for parallel systems for a period of time

Next Steps

- Finalizing cost information
- Conducting functional gap analysis between FFM and Cover Oregon technical solutions
- Validating Cover Oregon organizational success factors:
  - Governance
  - Program Management
  - Personnel needs
  - New vendor contract requirements
- Gather further information for CCIIO

COVER OREGON


COVER
OREGON

From: Patricia McCaig [redacted]
Subject: Fwd: Update
Date: April 10, 2014 8:15:11 AM PDT
To: Mike Bonetto BONETTO PERSONAL EMAIL



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Patricia McCaig
503.593.5250

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Patricia McCaig
[redacted]

From: **Tim Raphael** [RAPHAEL PERSONAL EMAIL]
Subject: Re: Can you read this - I just want to get him something
Date: April 9, 2014 at 4:26 PM
To: Patricia McCaig [redacted]

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I fixed a couple of type-o's and added bold...take it or leave it...only substantive question is whether the transfer of Medicaid from Cover Oregon to OHA actually requires re-enrollment...I hadn't heard that but might have missed it...
Tim

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Tim Raphael
[redacted]

On Apr 9, 2014, at 4:07 PM, Patricia McCaig [redacted] wrote:

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From: Patricia McCaig [redacted]
Sent: 4/10/2014 3:15:11 PM
To: Mike Bonetto [redacted] BONETTO PERSONAL EMAIL
Subject: Fwd: Update

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Patricia McCaig

[redacted]

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Subject: **Update**
Date: April 9, 2014 4:59:48 PM PDT
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Patricia McCaig
[redacted]

From: KOLMER Sean P * GOV [redacted]
Sent: 4/10/2014 11:17:41 PM +0000
To: John Kitzhaber [redacted]
CC: "Goldberg, Bruce" [redacted] MURDOCK Jan * GOV [redacted] BONETTO Mike * GOV [redacted]
Subject: internal advisory

Gov-

For your conversation with David Agnew tomorrow

You appreciate the efforts of HHS staff who have been extremely helpful for us to understand the choices we have as a state and how we can work together.

You are committed to a path that ensures individual enrollment in commercial health insurance for November.

Our preference is to keep the functions of a state based exchange with using the backbone of the federal technology to make CoverOregon a success. Your team is working closely with CMS to understand pros/cons of this approach over the next week or so

One challenge is how we would fund the state operations and would hope the administration supports some creative options for 2015 and beyond to ensure Oregon is a success.

We have another CMS meeting tomorrow and will send any updates after that call for your call with the Secretary on Monday.

sk

From: WENTZ PERSONAL EMAIL [redacted]
Subject: A new front in the "Cover Oregon Secret Meetings Front"
Date: April 3, 2014 10:02:18 AM PDT
To: Tim Raphael RAPHAEL PERSONAL EMAIL [redacted], Patricia McCaig [redacted]

Elizabeth Hayes wants to know if the tech group meetings are public and when they are next meeting and if they are not public why not.

The tech group is internal advisory and their work is done. My preference would be to not address this until we can talk about what's next and what the public announcement will be if any. After the committee hearing can we touch base?

Message

From: Mike Bonetto [redacted]
Sent: 4/7/2014 1:35:04 AM
To: Patricia McCaig [redacted]
Subject: Re: CO follow up...

Tech team is only advisory to Bruce as I understand it...doesn't need to be public

Sent from my iPhone

On Apr 6, 2014, at 6:05 PM, Patricia McCaig [redacted] wrote:
Mike, just got in. I need to sort thru my thoughts on this.

One minor question, Can you fill me in on why the tech meetings are not public? Who's decision?Just thinking thru things.

PMc

On Apr 6, 2014, at 10:32 AM, [redacted] wrote:
Had a call last night with Bruce, Patty, Sean and Alex to discuss IT decision. It wasn't that productive as Alex and Bruce seem to have varying opinions around the state of the CO budget. Alex seems to feel that CO will be in a budget hole no matter what the decision is...which is obviously extremely concerning. Bruce doesn't feel this is the case...so they are meeting early tomorrow a.m. to make sure they're on the same page.

The biggest issue I see for this week is how to handle Thursday's CO board mtg. Media/public are anticipating a decision and we have to figure out a way to push this back another week...at least.

- The Tech Team has a mtg scheduled for tomorrow from 4-6. Believe we've agreed to cancel that mtg due to new information on other state options...and still trying to finalize budget numbers. Alex and Bruce will send an email to Tech Team members tomorrow morning notifying them about the cancelation..and will also call everyone individually to follow up with them.
- The Tech Team could come together the following Monday on 4/14 to review latest options/info and make a recommendation (depending on whether or not we have enough info).
- The CO board could/should still meet this Thursday to approve the Hamstreet contract....and then meet again the following week to review the Tech Team's recommendation. [BTW..I'm still waiting to see the revised Hamstreet contract...will send to you once I have it.]

Below are the 3 follow up items that we identified on Friday's call:
1) Other state options. Alex has done some preliminary work with Deloitte on Connecticut's model and trying to understand total costs. Alex did mention that Deloitte told him that they would need a decision by 4/20 from CO if a move to CT was made.

[Important note...Patty is very concerned that Alex is trying to find a way to salvage this and make it work for the state...as opposed to turning it over the feds. Much of that concern has to do with his budget analysis showing a

hole...and that if we have to go back to the feds and ask for $$...why not ask for enough to fix it. We may need to push back hard on Alex on this.]

2) Total costs of moving to federal exchange. We still need more info on this....not sure we'll have any more info by our 9:00 call tomorrow.

3) Possibility of maintaining Oregon's transformation efforts while moving to federal exchange. I've asked Sean to put together some points on this and should have later today.

So...just want to make sure we're on the same page on how you want to handle tomorrow's 9:00 call and the rest of the week. Seems like we need a plan on how to handle any delayed decision and how/when to make the final decision.

Happy to connect later today to talk through some of this.
Thx,
MB

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7. If there is progress on the Oregon/Fed exchange, we would create an announcement plan around it.
8. Regardless, the Cover Oregon Board would hear and accept the federal exchange recommendation April 22, 23, or 24.

Patricia McCaig
[redacted]

From: **Christian Gaston** [redacted]
Subject: Re: Cover Oregon questions
Date: April 10, 2014 at 6:24 PM
To: Patricia McCaig [redacted]
Cc: Tim Raphael [redacted] RAPHAEL PERSONAL EMAIL

Yeah, the board hit all the points well and Nick made note of the open meeting. Great outcomes.

On Thursday, April 10, 2014, Patricia McCaig [redacted] wrote:

> Great. Got the outcome we needed from the board. All systems go. We have slot to move the next week.
>
> PMc
>
> On Apr 10, 2014, at 4:21 PM, Christian Gaston [redacted] wrote:
>
> > I categorized these in the hopes that any logical question I didn't ask will leap to your minds when you look at these.
> >
> > Let me know what other steps you'd like me to take.
> >
> > -- Christian
> > <COquestionsraisedbyfederalexchangetransfer.docx>

Message

From: Patricia McCaig [redacted]
Sent: 4/11/2014 1:35:30 AM
To: Mike Bonetto [BONETTO PERSONAL EMAIL redacted]; Dmitri Palmateer [PALMATEER PERSONAL EMAIL redacted]
Subject: It could not be better positioning

We have a week to start leading the stories instead of responding. Tv ok too, wrong numbers on exchange but we can deal with that.

http://www.oregonlive.com/health/index.ssf/2014/04/cover_oregon_board_hires_new_i.html

PMc

Message

From: Patricia McCaig [redacted]
Sent: 4/14/2014 5:06:22 PM
To: John Kitzhaber [redacted]; Mike Bonetto [redacted]
CC: Tim Raphael [redacted]
Subject: Cover Oregon feedback

A friend sent this to me last night -exactly what we hoped for, and we need the same discipline the next two weeks...

"Hey, last week's O coverage was good. I saw the turnaround strategy at work: adults in charge, consultant fee cap, options examined, one already discarded & a deadline. All good."

Patricia McCaig

[redacted]

From: Patricia McCaig [redacted]
Subject: Debrief and follow-up suggestion
Date: April 10, 2014 5:58:35 PM PDT
To: BONETTO PERSONAL EMAIL, PALMATEER, RAPHAEL PERSONAL EMAIL [redacted]



Mike, given how much to do, wonder if we could convene a debrief on the board mtg and immediate next steps, tomorrow am. ?

Suggested attendees:
You, Dmitri, Alex, Clyde, mark, Sean? Patty, Tim and me.

Possible agenda
Recap of meeting- Alex, Clyde, Patty
Obvious next steps and assignments
Identify priorities for upcoming week, assign work.

Thoughts? I've got something from 7-8, will make anything else work. Tim can dial in before 10 or after 2. Tim and I are interchangeable - don't need both.

PMc

From: Patricia McCaig [redacted]
Subject: Fwd: Debrief and follow-up suggestion
Date: April 10, 2014 11:13:53 PM PDT
To: Patty Went WENTZ PERSONAL EMAIL



Next time I'll cc you too. I'll fill you in on Clyde.

PMc

Begin forwarded message:

> **From:** Patricia McCaig [redacted]
> **Date:** April 10, 2014, 5:58:35 PM PDT
> **To:** Mike Bonett BONETTO PERSONAL EMAIL, PALMATEER PERSONAL EMAIL, RAPHAEL PERSONAL EMAIL
> **Subject: Debrief and follow-up suggestion**
>
> Mike, given how much to do, wonder if we could convene a debrief on the board mtg and immediate next steps, tomorrow am. ?
>
> Suggested attendees:
> You, Dmitri, Alex, Clyde, mark, Sean? Patty, Tim and me.
>
> Possible agenda
> Recap of meeting- Alex, Clyde, Patty
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>
> Thoughts? I've got something from 7-8, will make anything else work. Tim can dial in before 10 or after 2. Tim and I are interchangeable - don't need both.
>
> PMc

From: Patricia McCaig [redacted]
Subject: Re: tomorrow a
Date: April 10, 2014 9:19:20 PM PDT
To BONETTO PERSONAL EMAIL



Great. Tim is confirmed.

PMc

On Apr 10, 2014, at 9:18 PM, BONETTO PERSONAL EMA L [redacted] wrote:

> This is what I just sent Patty and Alex (also cc'd Dmitri and Sean)....
>
> As a follow up to today's board mtg...was hoping that several of us could connect with you tomorrow at 9:30 (30 min) to get a brief download of the board meeting and clarity around immediate next steps.
>
> Agenda:
> Recap of meeting - Alex & Patty
> Next steps and assignments (priorities for upcoming week, assign work)
>
> Call-in info:
> [redacted]
>
> Many thx,
> MB

From: WENTZ PERSONAL EMAIL
Subject: RE: Fwd: Cover Oregon call?
Date: April 14, 2014 12:36:15 PM PDT
To: Patricia McCaig [redacted] Tim Raphael RAPHAEL PERSONAL EMAIL

Got it. Talk with u then.

Sent from my Verizon Wireless 4G LTE smartphone

-------- Original message --------
From: Patricia McCaig
Date:04/14/2014 11:55 AM (GMT-08:00)
To: Tim Raphael ,Patty Wentz
Subject: Fwd: Cover Oregon call?

PMc

Begin forwarded message:

From: Mike Bonetto BONETTO PERSONAL EMA L
Date: April 14, 2014, 11:52:30 AM PDT
To: Patricia McCaig [redacted]
Subject: Re: Cover Oregon call?

[redacted]

On Mon, Apr 14, 2014 at 11:25 AM, Patricia McCaig [redacted] wrote:

> Works - clyde, alex, dimtri, sean, tim, patty, me?
>
> **Patricia McCaig**
> [redacted]
>
> On Apr 14, 2014, at 11:07 AM, Mike Bonetto wrote:
>
> How about 3:00
>
> Sent from my iPhone
>
> On Apr 14, 2014, at 9:58 AM, Patricia McCaig [redacted] wrote:
>
> > We need to get it scheduled for today, you were hoping for after the fed call and waiting on timing of that….any progress?
> > **Patricia McCaig**
> > [redacted]

From: Mike Bonetto [BONETTO PERSONAL EMA L]
Subject: Re: Cover O
Date: April 14, 2014 2:45:41 PM PDT
To: Patricia McCaig [redacted]

1 Attachment 483 KB

Fyi...high level outline of what Oregon is discussing with the feds.

On Mon, Apr 14, 2014 at 11:56 AM, Patricia McCaig [redacted] > wrote:

> Got it. I let Tim and Patty know.
>
> PMc
>
> On Apr 14, 2014, at 11:52 AM, Mike Bonett [BONETTO PERSONAL EMAIL]
>
> > [redacted]
> >
> > On Mon, Apr 14, 2014 at 11:25 AM, Patricia McCaig [redacted] > wrote:
> >
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> > > > **Patricia McCaig**
> > > > [redacted]

Oregon pro ocx (483 KB)

From: "Whitney, Joli" [redacted]
Sent: 4/21/2014 9:22:08 PM +0000
To: ROTH Grace * GOV [redacted]
Subject: RE: Follow up: weekly planning call today at 5pm

I'll catch him and ask in just a bit.

Joli Whitney|**Cover Oregon**|16760 SW Upper Boones Ferry Rd Ste 200| Durham OR 97224
[redacted]

CONFIDENTIALITY NOTICE: This e-mail may contain information that is privileged, confidential, or otherwise exempt from disclosure under applicable law. If you are not the addressee or it appears from the context or otherwise that you have received this e-mail in error, please advise me immediately by reply e-mail, keep the contents confidential, and immediately delete the message and any attachments from your system.

From: ROTH Grace * GOV [redacted]
Sent: Monday, April 21, 2014 2:19 PM
To: Whitney, Joli
Subject: RE: Follow up: weekly planning call today at 5pm

Could he do 6pm? Clyde has to be on there but so does Sean and he is not free until 6pm so I am checking with a few others as well.

From: Whitney, Joli [redacted]
Sent: Monday, April 21, 2014 2:18 PM
To: ROTH Grace * GOV
Subject: RE: Follow up: weekly planning call today at 5pm

Thanks Grace!

Joli Whitney|**Cover Oregon**|16760 SW Upper Boones Ferry Rd Ste 200| Durham OR 97224
[redacted]

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From: ROTH Grace * GOV [redacted]
Sent: Monday, April 21, 2014 2:01 PM
To: PETTIT Alex * CIO; Pettit, Alex; Goldberg, Bruce; GOLDBERG Bruce; Hamstreet, C; PALMATEER Dmitri * GOV; HARMONJOHNSON Nkenge; WENTZ Patty; KOLMER Sean P * GOV

Cc: ACREE Amy * CIO; GAMBLE Galen * GOV; SOTO Janet * GOV; Whitney, Joli; Million, Kathy; Hutchings Laura; HALL Stacey R * GOV
Subject: RE: Follow up: weekly planning call today at 5pm

Please let me know if you can't make 5:30pm work. I am updating the invite and will resend for 5:30pm.

Thanks,

Grace

From: Clyde Hamstreet [redacted]
Sent: Monday, April 21, 2014 12:05 PM
To: ROTH Grace * GOV; PETTIT Alex * CIO; [redacted] GOLDBERG Bruce; PALMATEER Dmitri * GOV; HARMON JOHNSON Nkenge * GOV; WENTZ Patty; KOLMER Sean P * GOV
Cc: ACREE Amy * CIO; GAMBLE Galen * GOV; SOTO Janet * GOV; Kathy Million; 'Hutchings Laura'; HALL Stacey R * GOV
Subject: RE: Follow up: weekly planning call today at 5pm

I have scheduled a call with Liz Baxter and George Brown at 5:00pm that I need to take. Can we make it 5:30pm?

From: ROTH Grace * GOV [redacted]
Sent: Monday, April 21, 2014 9:44 AM
To: PETTIT Alex * CIO; [redacted] GOLDBERG Bruce; Clyde Hamstreet; PALMATEER Dmitri * GOV; HARMON JOHNSON Nkenge * GOV; WENTZ Patty; KOLMER Sean P * GOV
Cc: ACREE Amy * CIO; GAMBLE Galen * GOV; SOTO Janet * GOV; Kathy Million; 'Hutchings Laura'; HALL Stacey R * GOV
Subject: Follow up: weekly planning call today at 5pm

Good morning,

Please let me know if you are able to join this call at 5pm so I can let Mike know who will be on

the call.

Thanks,

Grace

From: ROTH Grace * GOV [redacted]
Sent: 4/22/2014 9:55:57 PM +0000
To: "Whitney, Joli" [redacted]
Subject: RE: Follow up: weekly planning call today at 4pm

Excellent. Thank you!

From: Whitney, Joli [redacted]
Sent: Tuesday, April 22, 2014 2:29 PM
To: ROTH Grace * GOV; ACREE Amy * CIO; GAMBLE Galen * GOV; SOTO Janet * GOV; Hutchings Laura; WENTZ Patty
Subject: RE: Follow up: weekly planning call today at 4pm

Hi Grace-
This works for Clyde, Alex, and Bruce.
Thanks!

Joli Whitney | **Cover Oregon** | 16760 SW Upper Boones Ferry Rd Ste 200; Durham OR 97224
[redacted]

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From: ROTH Grace * GOV [redacted]
Sent: Tuesday, April 22, 2014 1:20 PM
To: ACREE Amy * CIO; GAMBLE Galen * GOV; SOTO Janet * GOV; Whitney, Joli; Hutchings Laura; WENTZ Patty
Subject: Follow up: weekly planning call today at 4pm

Hi all,

Mike just asked me to set another call for today at 4pm. Participants requested are:

Clyde Hamstreet

Alex Pettit

Bruce Goldberg

Patty Wentz

Nkenge Harmon Johnson

Sean Kolmer

Mike Bonetto

Dmitri Palmateer

Can you let me know if you can make that work?

Thanks,

Grace

Grace Roth

Assistant to Chief of Staff Mike Bonetto

Office of Governor Kitzhaber

[redacted]

From: ROTH Grace * GOV [redacted]
Sent: 4/23/2014 3:36:36 PM +0000
To: "Whitney, Joli" [redacted]
Subject: Re: Follow up: weekly planning calls at 9am & 3pm

Thanks. He did send an accept response to the calendar invite.

Sent from my iPhone

On Apr 23, 2014, at 8:07 AM, "Whitney, Joli" [redacted] wrote:

> Hi Grace-
> That looks ok for Alex. Hoping that Bruce and Clyde got back to you directly. I know Clyde had something at 8, but he is using his Hamstreet calendar so I have limited visibility of his schedule.
> Thanks!
> Joli
>
> **Joli Whitney|Cover Oregon**|16760 SW Upper Boones Ferry Rd Ste 200| Durham OR 97224
> [redacted]
>
> CONFIDENTIALITY NOTICE: This e-mail may contain information that is privileged, confidential, or otherwise exempt from disclosure under applicable law. If you are not the addressee or it appears from the context or otherwise that you have received this e-mail in error, please advise me immediately by reply e-mail, keep the contents confidential, and immediately delete the message and any attachments from your system.

From: ROTH Grace * GOV [redacted]
Sent: Tuesday, April 22, 2014 9:30 PM
To: GAMBLE Galen * GOV; SOTO Janet * GOV; Whitney, Joli; Hutchings Laura; WENTZ Patty
Subject: Follow up: weekly planning calls at 9am & 3pm

Hi all,

Mike just asked me to set two more calls for tomorrow at 9am and 3pm. Participants requested are:

Clyde Hamstreet
Alex Pettit
Bruce Goldberg
Patty Wentz
Nkenge Harmon Johnson
Sean Kolmer
Mike Bonetto
Dmitri Palmateer

Can you let me know if you can make that work?

Thanks,

Grace

From: EDLUND Tina D <[redacted]
Sent: 4/9/2014 2:55:48 PM +0000
To: GOLDBERG Bruce [redacted] BONETTO Mike * GOV [redacted] KOLMER Sean P * GOV [redacted] EDLUND Tina D [redacted]
CC: PETTIT Alex * CIO [redacted] WENTZ Patty [redacted]
Subject: RE: Potential Move to federal technology

Have Bill on it now.

Tina Edlund

Acting Director

Oregon Health Authority

500 Summer Street NE

[redacted]

From: GOLDBERG Bruce [redacted]
Sent: Wednesday, April 09, 2014 7:22 AM
To: BONETTO Mike * GOV; KOLMER Sean P * GOV; EDLUND Tina D
Cc: PETTIT Alex * CIO; WENTZ Patty
Subject: Potential Move to federal technology

Tina

Governor and Cov Oregon Board are putting together info to make decision on future technology.

Need some budget info re Medicaid

Sounds like Alex and Steve have been in touch regarding the costs of moving technology for Medicaid eligibility and enrollment over to OHA in event we move to federal technology for QHP enrollment.

Alex indicated the approximate cost would be $20 million.

Can you put together budget/how the cost of having OHA perform Medicaid elig and enrollment would be financed ….. e.g. how much gf/of that would require, how much federal match you will be able to get, how that could be accounted for within the

$15 million for CY2014 and $20 million for CY 2015 that would have come to Cover Oregon for Medicaid enrollment if the website had worked.

Will let mike and sean weigh in on when needed, but my sense is next day or so.

b

Message

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

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

Patricia McCaig
[redacted]

TECHNOLOGY RECOMMENDATION

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

APRIL 24, 2014

Meeting Agenda: 4/24/2014

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

OBJECTIVES

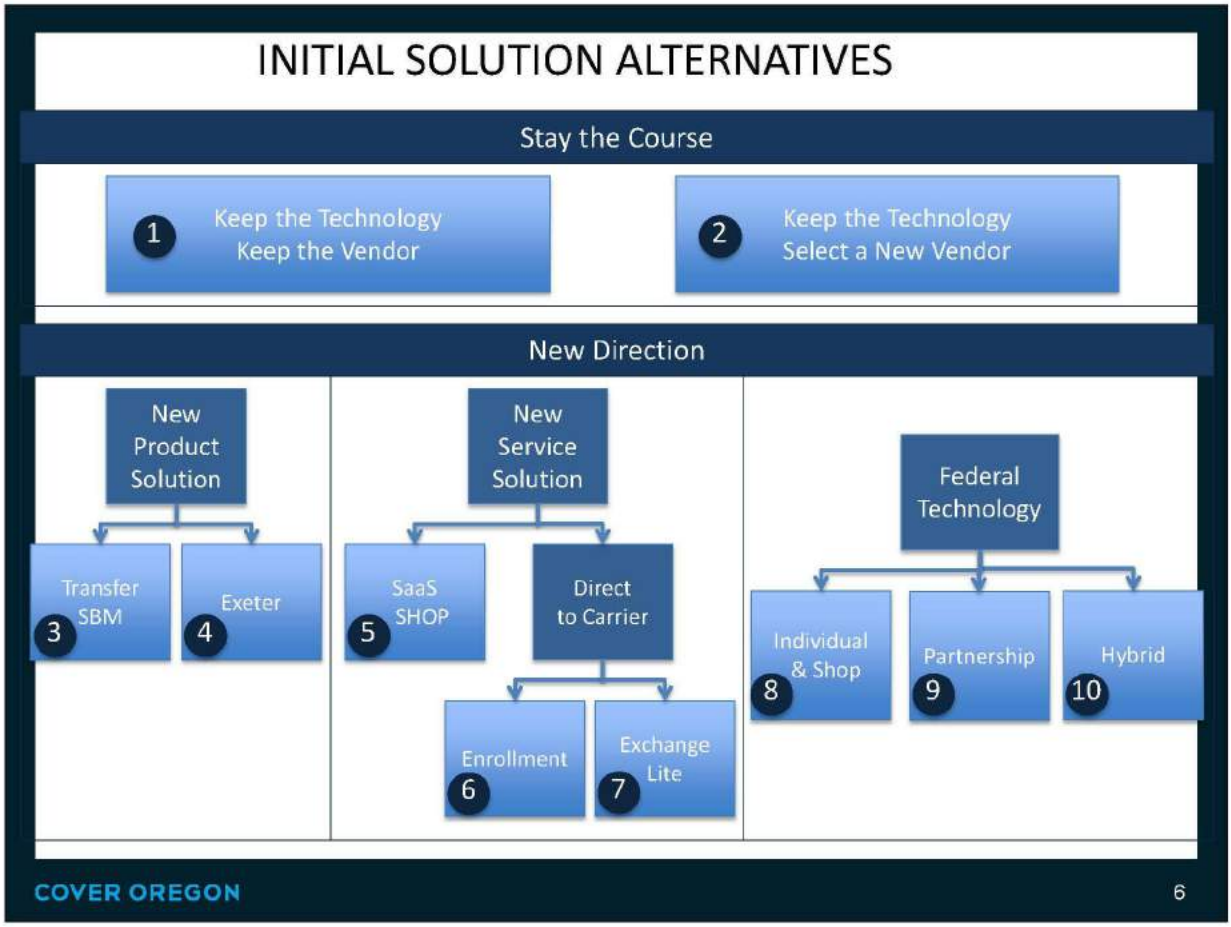
- Recommend to the Board of Directors the best technology option for enrollment, renewal, and change of circumstance to support the 2015 open enrollment beginning 11/15/2014
- Document recommendation with a final report
- Assumptions: Enrollment, renewal, and change of circumstance for individuals is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

RECOMMENDATION ~~CRITERIA~~GUIDELINES

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

RECAP OF PROGRESS

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


INITIAL SOLUTION ALTERNATIVES
Stay the Course
1
Keep the Technology
Keep the Vendor
2
Keep the Technology
Select a New Vendor
New Direction
New
Product
Solution
Transfer
SBM
3
Exeter
4
New
Service
Solution
SaaS
SHOP
5
Direct
to Carrier
Enrollment
6
Exchange
Lite
7
Federal
Technology
Individual
& Shop
8
Partnership
9
Hybrid
10
COVER OREGON
6

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

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

STATE SYSTEM TRANSFER

KEY FINDINGS

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

STATE SYSTEM TRANSFER OPTION ELIMINATED

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

~~Option eliminated due to Risk, Schedule, and Cost~~

OUR PRELIMINARY RECOMMENDATION: DUAL APPROACH

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

Fix Current Technology/ New Vender

KEY FINDINGS

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

FIX TECH/NEW VENDOR MILESTONES

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

DELOITTE ASSESSMENT

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

FIX CURRENT TECHNOLOGY/NEW VENDOR REVIEW

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

UTILIZE FEDERAL TECHNOLOGY

KEY FINDINGS

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

MBG2000432

Deloitte Assessment

~~Deloitte estimate:~~

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

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

~~QHP ENROLLMENT THROUGH FEDERAL TECHNOLOGY~~

POTENTIAL STATE EXCHANGE UTILIZING FEDERAL TECHNOLOGY

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

UTILIZE FEDERAL TECHNOLOGY REVIEW

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

OBJECTIVES/RECOMMENDATION

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

- Formal recommendation from the Tech Committee

COVER OREGON


COVER
OREGON

Message

From: Patricia McCaig [redacted]
Sent: 4/22/2014 10:24:21 PM
To: Gmail Bonetto [redacted: BONETTO PERSONAL EMAIL]
Subject: Draft C
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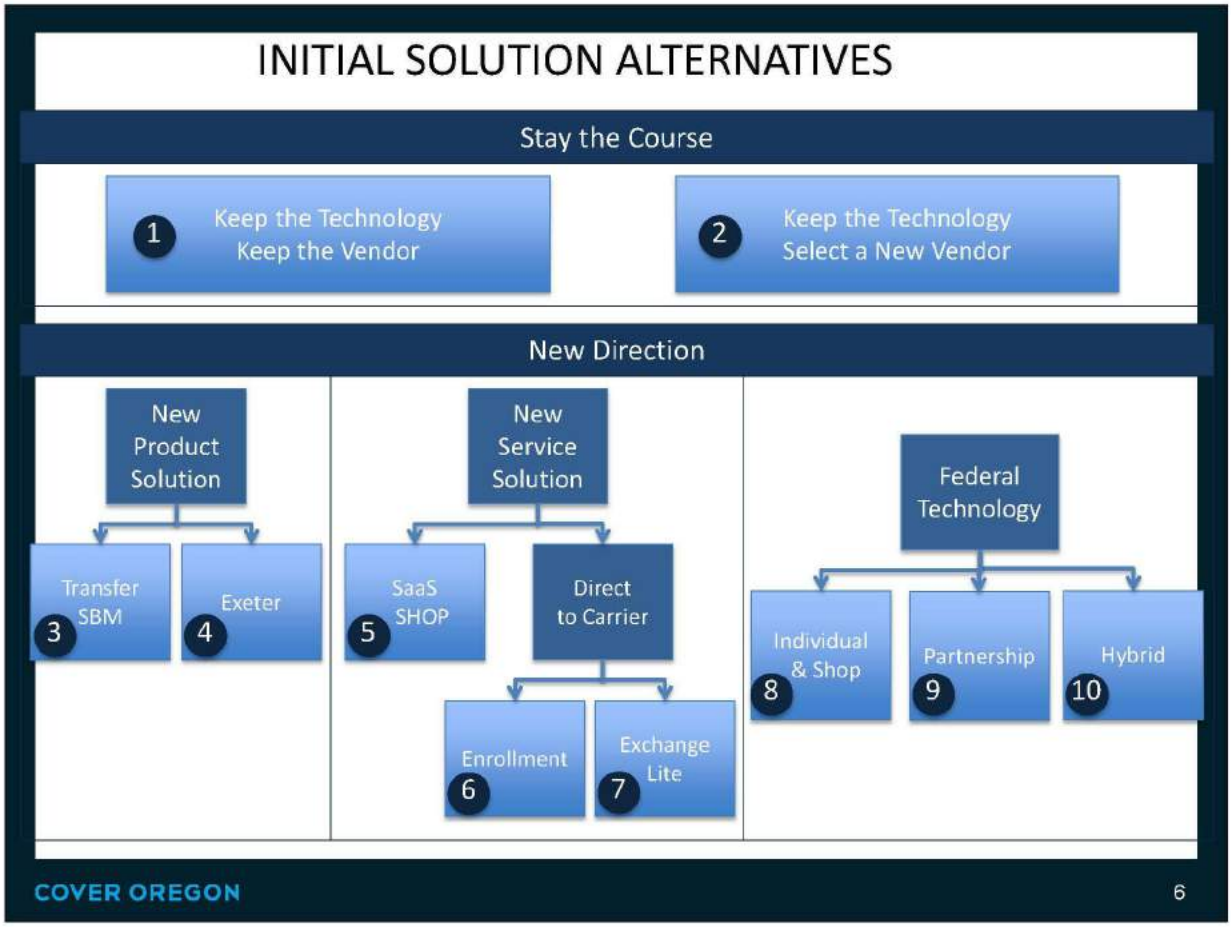
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Exeter
4
New
Service
Solution
SaaS
SHOP
5
Direct
to Carrier
Enrollment
6
Exchange
Lite
7
Federal
Technology
Individual
& Shop
8
Partnership
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- Development of functionality including renewal and change of circumstance is not complete
- Federal requirements continue to evolve

FIX TECH/NEW VENDOR MILESTONES

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

DELOITTE ASSESSMENT

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

FIX CURRENT TECHNOLOGY/NEW VENDOR REVIEW

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

UTILIZE FEDERAL TECHNOLOGY

KEY FINDINGS

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

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Deloitte Assessment

~~Deloitte estimate:~~

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

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

POTENTIAL STATE EXCHANGE UTILIZING FEDERAL TECHNOLOGY

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

UTILIZE FEDERAL TECHNOLOGY REVIEW

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

OBJECTIVES/RECOMMENDATION

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

- Formal recommendation from the Tech Committee

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TECHNOLOGY RECOMMENDATION

CLYDE HAMSTREET, ACTING EXECUTIVE DIRECTOR

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

APRIL 21, 2014

Meeting Agenda: 4/21/2014

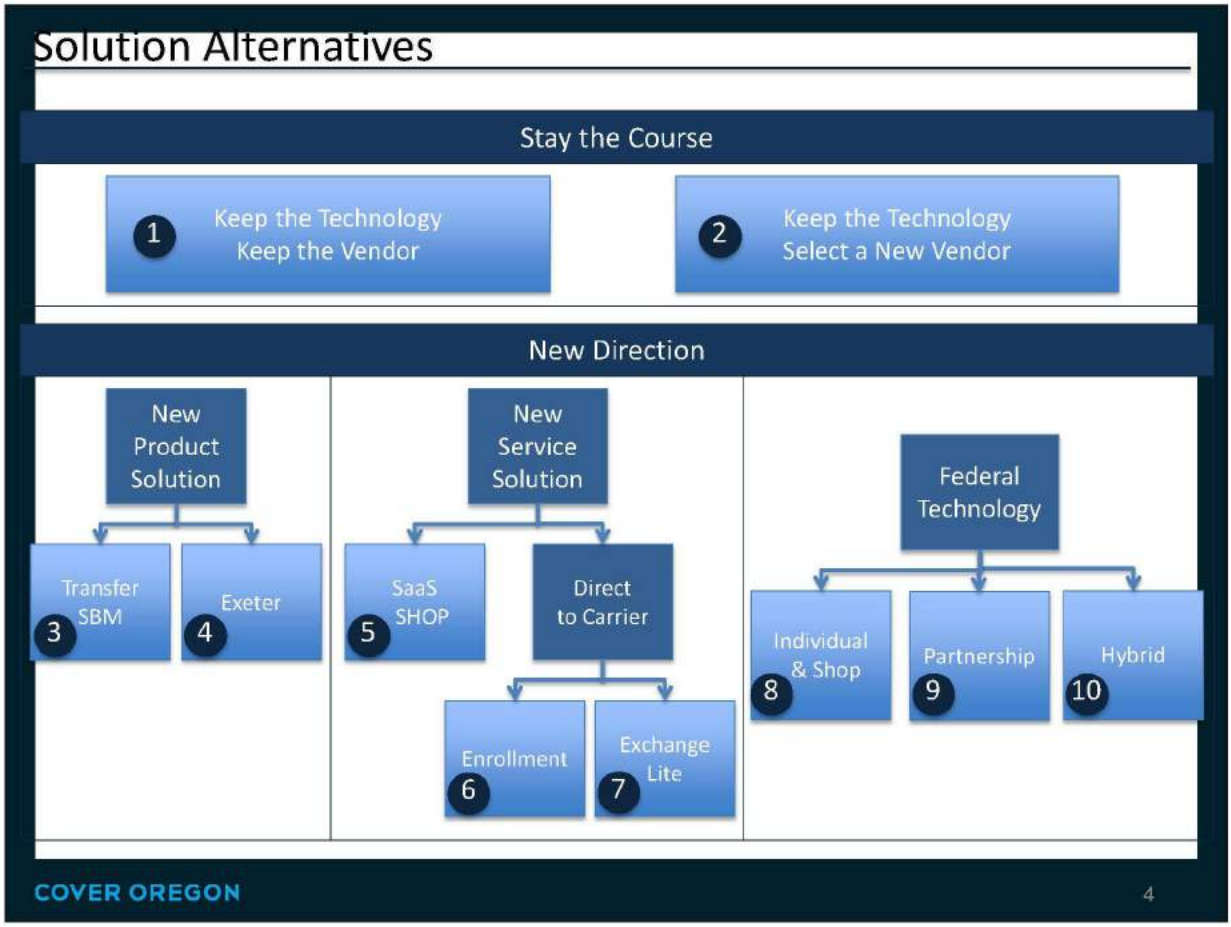
Final Recommendation

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

Objectives

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

Solution Alternatives



NARROWED TO THREE:

1. Stay with current technology – use new vendor (Option 2)
2. Federal exchange technology (Option 8)
3. Transfer functioning technology from another state, in whole or in part (Option 3)

BUDGET TO DATE

2014 IT Budget	$50MM
Estimated 2014 IT costs	$45MM
(with no new development after 5/2014)	
Remaining Available 2014 *	$5MM

* Still being verified

OPTION 3 ESTIMATE:

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

Maryland transfer from Connecticut	$45MM
Did not include infrastructure 30%	$15MM
Total Estimated Cost	$60MM

Our Decision: Eliminate this option due to risk and cost

In either option, whether it's transferring to a new system. We want to focus on federal versus another state. If we go to the federal all it means from a build state. If we went to another state we would have to build business infrastructure, carriers, call center infrastructure and we don't have the time.

REMAINING OPTIONS:

Option 2: Stay with current technology use new vendor & bring on system integrator

Option 8: Federal exchange technology

ISSUES TO CONSIDER:

Cost – Must be delivered within available resources ($5MM* in current IT budget)

Time – Thoroughly tested and operationalized prior to Nov. 15

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

RECAP OF OPTION 2:

New vendor to develop current technology

PROS:

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

RECAP OF OPTION 2:

New vendor to develop current technology

CONS:

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

OPTION 2 ESTIMATE (DELOITTE):

- Before November 15, 2014:
  - Stabilization of core application, remediation of technology architecture, and inclusion of enhancements, to include renewal functionality
- After December, 2015:
  - Change of circumstance
- Estimated level of effort:
  - Deloitte: 360,000 hours
  - Oracle: 30,000 hours

RECAP OF OPTION 8:

Federal technology

PROS:

- Meets November 15, 2014 timeline
- Provides for QHP eligibility, plan shopping and enrollment
- 11 of 16 Oregon carriers already have interfaces with FFM
- Oregon can maintain control over plans offered
- Medicaid eligibility can be moved to OHA; requires no further development from Cover Oregon

RECAP OF OPTION 8:

Federal technology

CONS:

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

OPTION 8 ESTIMATE:

Final Recommendation


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