



**STATE OF VERMONT**  
JOINT FISCAL OFFICE

**MEMORANDUM**

To: Joint Fiscal Committee Members  
From: Nathan Lavery, Fiscal Analyst  
Date: October 4, 2012  
Subject: Grant Requests

Enclosed please find four (4) items that the Joint Fiscal Office has received from the administration, including the establishment of 21 limited service positions.

**JFO #2582** – \$104,178,965 grant from the U.S. Department of Health and Human Services to the Department of Vermont Health Access. This request includes the establishment of **20 limited service positions**. Funds will be used to continue the process of establishing a health benefits exchange required by the federal Affordable Care Act. **Expedited review has been requested. Joint Fiscal Committee members will be contacted by October 18<sup>th</sup> with a request to waive the balance of the review period and accept this grant.**

*[JFO received 10/01/12]*

**JFO #2583** – Donation of \$12,008 worth of patio furniture from VFW Post #6471 to the Vermont Veterans' Home.

*[JFO received 10/01/12]*

**JFO #2584** – \$170,000 grant from the Lake Champlain Basin Program to the Vermont Agency of Agriculture, Food & Markets. These funds will be used to provide 100% of the cost to farmers of implementing conservation practices designed to reduce phosphorus pollution in Lake Champlain. Because this project calls for implementing these practices this fall, **expedited review has been requested. Joint Fiscal Committee members will be contacted by October 18<sup>th</sup> with a request to waive the balance of the review period and accept this grant.**

*[JFO received 10/03/12]*

**JFO #2585** – Request to establish **one (1) limited service position** in the Vermont Department of Environmental Conservation. This position will be responsible for implementing Vermont's Green Infrastructure Initiative Strategic Plan. The Plan was created in 2011 for the purpose of reducing urban stormwater runoff. This position is funded by a grant from the U.S. Forest Service.

*[JFO received 10/03/12]*

Please review the enclosed materials and notify the Joint Fiscal Office (Nathan Lavery at (802) 828-1488; [nlavery@leg.state.vt.us](mailto:nlavery@leg.state.vt.us)) if you have questions or would like an item held for Joint Fiscal Committee review. Unless we hear from you to the contrary by **October 18** we will assume that you agree to consider as final the Governor's acceptance of these requests.

State of Vermont  
 Department of Finance & Management  
 109 State Street, Pavilion Building  
 Montpelier, VT 05620-0401

[phone] 802-828-2376  
 [fax] 802-828-2428

Agency of Administration

JFO 2582

**STATE OF VERMONT  
 FINANCE & MANAGEMENT GRANT REVIEW FORM**

<b>Grant Summary:</b>	State planning and Establishment Grant ("Level II Grant") from CCIIO for the planning and implementation of the Health Insurance Exchange.				
<b>Date:</b>	9/20/2012				
<b>Department:</b>	AHS/ DVHA				
<b>Legal Title of Grant:</b>	Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchange				
<b>Federal Catalog #:</b>	93.525				
<b>Grant/Donor Name and Address:</b>	Centers for Consumer Information and Insurance Oversight 200 Independence Ave., SW Washington, D.C. 20201				
<b>Grant Period:</b>	<b>From:</b>	8/23/2012	<b>To:</b>	12/31/2014	
<b>Grant/Donation</b>	\$104,178,965				
	<b>SFY 1</b>	<b>SFY 2</b>	<b>SFY 3</b>	<b>Total</b>	<b>Comments</b>
<b>Grant Amount:</b>	\$14,453,444	\$40,720,074	\$49,005,447	\$104,178,965	

<b>Position Information:</b>	<b># Positions</b>	<b>Explanation/Comments</b>
	20	Details regarding position information have been reviewed with AHS/DVHA. All LSP end dates are reasonable and correspond with the end date of the grant (12/31/2014).

**Additional Comments:** The total budget on the grant is \$118M. The \$14M difference will be met through 90/10 federally matched Medicaid dollars. The 10, \$1.4M, State funds were approved in the Jumbo IAPD, no additional state dollars are needed.

Department of Finance & Management 9/24/12 (Initial)  
 Secretary of Administration 09/25/12 (Initial)  
 Sent To Joint Fiscal Office 9/27/12 Date

**RECEIVED**  
 OCT 01 2012  
**JOINT FISCAL OFFICE**



<b>VERMONT GRANT ACCEPTANCE REQUEST</b> <b>Affordable Care Act (Form AA-1-ACA)</b>	<b>Priority Level (check one box):</b> Expedited 14 Days <input checked="" type="checkbox"/> Normal 30 days <input type="checkbox"/>
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**BASIC GRANT INFORMATION**

<b>1. Agency:</b>	Agency of Human Services		
<b>2. Department:</b>	Department of Vermont Health Access		
<b>3. Program:</b>	State Planning and Establishment Grants for the Affordable Care Act's Exchanges		
<b>4. Legal Title of Grant:</b>	Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchanges		
<b>5. Federal Catalog #:</b>	93.525		
<b>6. Grant/Donor Name and Address:</b>	Center of Consumer Information and Insurance Oversight, U.S. Department of Health and Human Services, 200 Independence Ave., Washington D.C. 20201		
<b>7. Grant Period:</b>	<b>From:</b>	8/23/2012	<b>To:</b> 12/31/2014
<b>8. Purpose of Grant:</b>	This Grant is a continuation of the already begun groundwork for establishing a health insurance exchange. A Health insurance exchange will allow individuals and small businesses access to bargaining power comparable to that of established larger groups in the health insurance marketplace.		
<b>9. Impact on existing program if grant is not Accepted:</b>	Failure to enact the establishment of an exchange to fulfill the federal mandates included in the Affordable Care Act, signed into law in March of 2010.		

**10. BUDGET INFORMATION**

	SFY 1	SFY 2	SFY 3	Comments
Expenditures:	FY 2013	FY 2014	FY 2015	
Personal Services	\$11,815,729	\$33,288,769	\$40,062,083	Staff & Contracts
Operating Expenses	\$2,637,715	\$7,431,305	\$8,943,364	Other Costs
Grants	\$	\$	\$	
<b>Total</b>	\$14,453,444	\$40,720,074	\$49,005,447	
<b>Revenues:</b>				
State Funds:	\$	\$	\$	
Cash	\$	\$	\$	
In-Kind	\$	\$	\$	
Federal Funds:	\$14,453,444	\$40,720,074	\$49,005,447	
(Direct Costs)	\$14,056,173	\$39,600,832	\$47,658,471	
(Statewide Indirect)	\$16,804	\$47,343	\$56,976	2.5% of Wages
(Departmental Indirect)	\$380,467	\$1,071,899	\$1,290,000	Included AHS Cap
Other Funds:	\$	\$	\$	
Grant (source )	\$	\$	\$	
<b>Total</b>	\$14,453,444	\$40,720,074	\$49,005,447	

Appropriation No:	Amount:	\$
3410010000		\$99,558,965
3400001040		\$3,220,000
3440010000		\$1,400,000
		\$

**SEP 13 2012**

			\$
			\$
		<b>Total</b>	\$104,178,965

**PERSONAL SERVICE INFORMATION**

**11. Will monies from this grant be used to fund one or more Personal Service Contracts?**  Yes  No  
 If "Yes", appointing authority must initial here to indicate intent to follow current competitive bidding process/policy.

Appointing Authority Name: Mark Larson Agreed by: ML (initial)

12. Limited Service Position Information:	# Positions	Title
		See attached list
<b>Total Positions</b>	20	

**12a. Equipment and space for these positions:**  Is presently available.  Can be obtained with available funds.

**13. AUTHORIZATION AGENCY/DEPARTMENT**

I/we certify that no funds beyond basic application preparation and filing costs have been expended or committed in anticipation of Joint Fiscal Committee approval of this grant, unless previous notification was made on Form AA-1PN (if applicable):

Signature: [Signature] Date: \_\_\_\_\_  
 Title: Mark Larson, Commissioner, Dept Vermont Health Access

Signature: [Signature] Date: 9/12/12  
 Title: ~~Doug Racine~~, Secretary, Agency of Human Services

**14. SECRETARY OF ADMINISTRATION**

Approved: [Signature] (Secretary or designee signature) Date: 09/25/12

**15. ACTION BY GOVERNOR**

Check One Box:  
 Accepted  Rejected

(Governor's signature) Date: \_\_\_\_\_

**16. DOCUMENTATION REQUIRED**

**Required GRANT Documentation**

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Request Memo                | <input type="checkbox"/> Notice of Donation (if any)              |
| <input type="checkbox"/> Dept. project approval (if applicable) | <input type="checkbox"/> Grant (Project) Timeline (if applicable) |
| <input checked="" type="checkbox"/> Notice of Award             | <input type="checkbox"/> Request for Extension (if applicable)    |
| <input checked="" type="checkbox"/> Grant Agreement             | <input type="checkbox"/> Form AA-1PN attached (if applicable)     |
| <input checked="" type="checkbox"/> Grant Budget                |   |

**End Form AA-1**



**State of Vermont**  
**Department of Vermont Health Access**  
312 Hurricane Lane, Suite 201  
Williston VT 05495-2807  
[dvha.vermont.gov](http://dvha.vermont.gov)

[Phone] 802-879-5900  
[Fax] 802-879-5651

*Agency of Human Services*

TO: Ann Cummings, Chair of Joint Fiscal Committee

THRU: Jeb Spaulding, Secretary Agency of Administration  
Doug Racine, Secretary Agency of Human Services)

FROM: Mark Larson, Commissioner  
Department of Vermont Health Access

Handwritten signatures in black ink, including one that appears to be "A. J. Racine" and another that is less legible.

DATE: August 29, 2012

SUBJECT: AA-1 request for Grant #1 HBEIE120130-01-00, Cooperative Agreements to Support Establishment of State-Operated Health Insurance Exchanges

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The DVHA was recently awarded the State Planning and Establishment Grants for the Affordable Care Act's Exchange by the Center of Consumer Information and Insurance Oversight, U.S. Department of Health and Human Services. We are asking for the expedited approval process for this agreement due to the aggressive timelines and required completion date for this specific project of 12/31/2014.

All required and relevant grant documentation has been attached. If you require further documentation that what has been provided or if you have any questions, please feel free to contact me. Thank you for your attention in this matter.

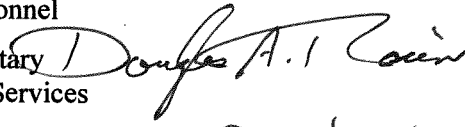



State of Vermont  
Department of Vermont Health Access  
312 Hurricane Lane, Suite 201  
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Agency of Human Services

TO: Emily Byrne, Budget Analyst  
Department of Finance & Management  
Molly Ordway-Paulger, Director of Classification, Compensation & HRIS  
Department of Personnel

THRU: Doug Racine, Secretary   
Agency of Human Services

FROM: Mark Larson, Commissioner   
Department of Vermont Health Access

DATE: August 30, 2012

SUBJECT: AA-1 request for Grant #1 HBEIE120130-01-00, Cooperative Agreements to Support Establishment of State-Operated Health Insurance Exchanges

The DVHA was recently awarded a Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchanges by the Center of Consumer Information and Insurance Oversight, U.S. Department of Health and Human Services. Through this grant award, CCIIO has provided \$104,178,965 in ACA funds to assist in Vermont's continuation of planning for design and implementation of the federally mandated American Health Benefits Exchange.

In April 2012, the State submitted a Jumbo IAPD V4 that included the Exchange, E & E, HIT, and MES. The allocated costs for the Exchange in the approved IAPD were \$113,812,226. The State's current estimate of the costs for establishment of the Exchange is \$118,330,426. A portion of this latest exchange cost estimate, \$14,151,461, is allocable under Medicaid 90/10 funding while \$104,378,965 is requested under this Level Two Establishment grant application.

In order to accomplish this objective during the grant period the following tasks must be completed:

- *Outreach and Education:* The Exchange will build capacity to help Vermont's small businesses and individuals to understand the health care law, realize that quality health insurance is within reach, and use the Exchange to compare and choose a health plan that fits their needs and budget. In addition to a targeted outreach campaign and social media activities, this will also include digital literacy efforts.
- *Website and Call Center:* The gateway to the Exchange will be a user-friendly website that will allow individuals and small businesses to shop for coverage, compare, plans, and choose a plan for themselves, their families, or their employees. The website is designed to allow for self-guided enrollment, but individuals will also have access to a call center that will allow them get answers to simple questions or walk through the entire application process.
- *Navigators:* Vermont will develop a network of application assistors known as Navigators, who will maintain expertise in eligibility, enrollment, and program specifications and conduct public education



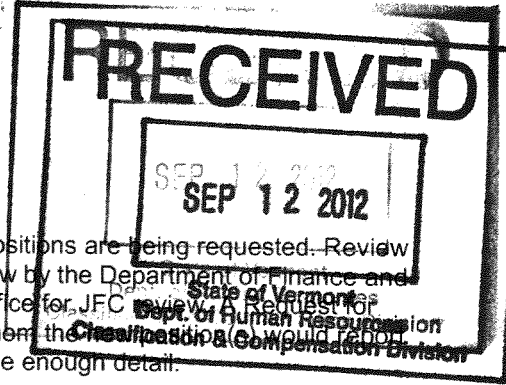
activities to raise awareness about the Exchange. Navigators will provide targeted outreach to specific populations, and will also facilitate selection of a qualified health plan in a fair and impartial manner.

•*Exchange IT Systems:* Vermont is moving forward using an Oracle-based system as the infrastructure for its website. Vermont will leverage its current Oracle software, and will use the Oregon design as a model. The design is multi-tiered with layers for user interface, enterprise integration, business rules, information management, security, and data. The implementation strategy revolves around reusing solutions where possible to facilitate productivity and lower costs, and is being coordinated with efforts to improve eligibility systems as part of Vermont's health services enterprise system.

Associated with those tasks DVHA must hire the appropriate staff to facilitate and manage these tasks. The grant application includes funds for positions in DVHA and other departments involved in Exchange work. Of total, DVHA has identified 20 FTE limited services positions to hire which will be located at DVHA, AHS, DCF and DFR. This work cannot currently be done by staff already employed as the complexities and demands of successfully implementing this important grant require dedicated professional full-time focus.

All required and relevant grant documentation has been attached. If you have any questions or are in need of further information, please give me a call. Thank you for your swift attention in this matter.

**STATE OF VERMONT  
Joint Fiscal Committee Review  
Limited Service - Grant Funded  
Position Request Form**



This form is to be used by agencies and departments when additional grant funded positions are being requested. Review and approval by the Department of Human Resources must be obtained prior to review by the Department of Finance and Management. The Department of Finance will forward requests to the Joint Fiscal Office for JFC review. A Request for Classification Review Form (RFR) and an updated organizational chart showing to whom the Classification and Compensation Division must be attached to this form. Please attach additional pages as necessary to provide enough detail.

Agency/Department: Department of Vermont Health Access Date: 8/20/2012

Name and Phone (of the person completing this request): Kate Jones, 802-879-8256

Request is for:

- Positions funded and attached to a new grant.
- Positions funded and attached to an existing grant approved by JFO # \_\_\_\_\_

1. Name of Granting Agency, Title of Grant, Grant Funding Detail (attach grant documents):  
Center of Consumer Information and Insurance Oversight, U.S. Department of Health and Human Services,  
Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchanges

2. List below titles, number of positions in each title, program area, and limited service end date (information should be based on grant award and should match information provided on the RFR) position(s) will be established only after JFC final approval:

Title\* of Position(s) Requested    # of Positions    Division/Program    Grant Funding Period/Anticipated End Date

See attached List

\*Final determination of title and pay grade to be made by the Department of Human Resources Classification Division upon submission and review of Request for Classification Review.

3. Justification for this request as an essential grant program need:  
Failure to enact the establishment of an exchange to fulfill the federal mandates included in the Affordable Care Act, signed into law in March of 2010.

I certify that this information is correct and that necessary funding, space and equipment for the above position(s) are available (required by 32 VSA Sec. 5(b)).

[Signature] 8/30/12  
Signature of Agency or Department Head Date

[Signature: Molly Paul] 9/12/12  
Approved/Denied by Department of Human Resources Date

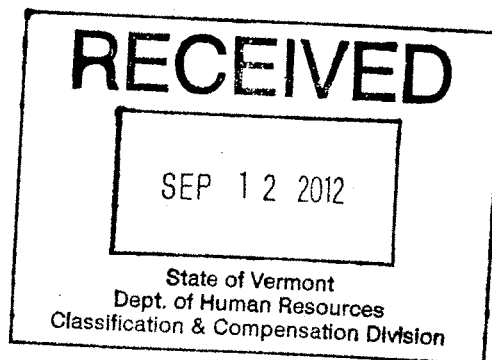
[Signature] 9/24/12  
Approved/Denied by Finance and Management Date

[Signature] 8/25/12  
Approved/Denied by Secretary of Administration Date

Comments:



Title	# of Positions	Dept
Administrative Services Coordinator III	1	DVHA
Consumer Services Specialist	2	DFR
Grants Management Specialist	1	DVHA - BO
Financial Manager III	1	DVHA - BO
Enterprise Business Analyst	2	DVHA - HIX
Director of Education and Outreach	1	DVHA - HIX
Education and Outreach Manager	1	DVHA - HIX
Exchange Project Director	1	DVHA
Training & Change Management Specialist	3	AHS
IT Enterprise Architect	3	DII
Enterprise Business Analyst	1	DVHA - HIX
Quality Oversight & Performance Measurement	2	AHS
Quality Oversight & Performance Measurement		AHS
Fiscal Analyst & Federal Reporting	1	AHS
Total	20	



**Agency of Human Services**  
*Business Office*  
208 Hurricane Lane, Suite 103  
Williston, VT 05495  
[phone] 802-871-3005  
[fax] 802-871-3001

**MEMORANDUM**

TO: AA-1 Reviewers

FROM: Jim Giffin, AHS CFO 

DATE: September 12, 2012

RE: Position Crosswalk

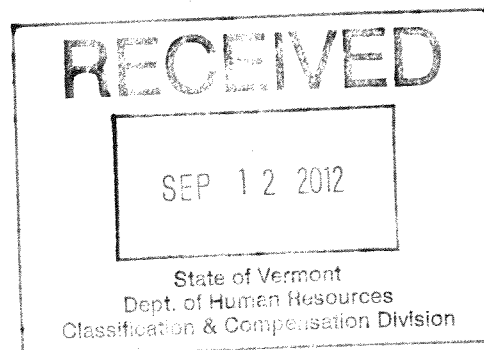
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I have attached two spreadsheets to the AA-1 package from DVHA.

One, on the large 14-17 inch sheet, shows the relationship of these positions to the “Jumbo IAPD” positions that were approved through four different AA-1s and the new position request two weeks ago.

The smaller sheet shows how the new positions (purple) relate to the funds included in the different tables of the Grant request.

I have also changed all the position ending dates to 12/31/14, the end of the grant.



Title	Position #	Dept	Function	Position	File to Project	IAPD	Pay Grade	Operations Budget	IT Budget	Planning FTE	Level I FTE	Level II FTE	Ongoing FTE	Notes
Director Of Health Care Reform	017012	AoA	Operations	1.00	0.50 HIX		97	0	0	0	0.50	0.75	0.00	
Admin. Asst. for AoA (Robin)	027004	AoA	Operations	1.00	1.00 HIX		97	1	0	0	1.00	1.00	0.00	
Attorney/Policy Analyst	027400	AoA	Operations	1.00	1.00 HIX		27	1	0	0	1.00	1.00	0.50	
Call Center Management	NEW	DCF	Operations	1.00	1.00 HIX		27	1	0	0	1.00	1.00	0.00	Changed to HIX - Admin Svcs' Coord II
Eligibility Staff	NEW	DCF	Operations	1.00	1.00 HIX		20	1	0	0	1.00	1.00	0.00	Changed to HIX - Enterprise Business Analyst
Financial Administrator I (Hutchinson) PG 22	290073	DFR	Operations	1.00	1.00 HIX		22	1	0	0	0.15	0.15	0.15	
Grant Programs Manager (Mendizabal) PG 25	290119	DFR	Operations	1.00	1.00 HIX		25	1	0	0	0.15	0.15	0.15	
Health Insurance Policy Director (Martini) PG 29	290123	DFR	Operations	1.00	1.00 HIX		29	1	0	0	0.50	0.50	0.50	
QHP Certification Administrator (Vacant) PG 26	290129	DFR	Operations	1.00	1.00 HIX		26	1	0	0	1.00	1.00	1.00	
Exchange Project Director (Thistle) PG 28	290130	DFR	Operations	1.00	1.00 HIX		28	1	0	0	1.00	1.00	1.00	
Data and Informal Manager (Lindberg) PG 27	290131	DFR	Operations	1.00	0.50 HIX		27	1	0	0	1.00	1.00	0.50	
Administrative Assistant A (Vacant) PG 17	290XX	DFR	Operations	1.00	1.00 HIX		17	1	0	0	0.50	0.50	0.50	Don't need new position
Consumer Services Specialist (Vacant) PG 20	NEW	DFR	Operations	1.00	1.00 HIX		20	1	0	0	1.00	1.00	0.50	
Consumer Services Specialist (Vacant) PG 20	NEW	DFR	Operations	1.00	1.00 HIX		20	1	0	0	1.00	1.00	0.50	
Appeals	NEW	DVHA	Operations	0.00	0.00 HIX		Various	0	0	0	0.00	0.00	0.00	FTE's funded in Appeals Program line.
Grants Management Specialist	730170	DVHA - BO	Operations	1.00	1.00 HSE		23	1	0	1.00	1.00	1.00	0.00	
Contract/Grant Writer	730186	DVHA - BO	Operations	1.00	1.00 HIX		24	1	0	0	1.00	1.00	1.00	
Financial Analyst/Accountant	730187	DVHA - BO	Operations	1.00	1.00 HSE		22	1	0	0	1.00	1.00	1.00	
Financial Analyst/Accountant	730188	DVHA - BO	Operations	1.00	1.00 HSE		19	1	0	0	1.00	1.00	1.00	
Grants Management Specialist	NEW	DVHA - BO	Operations	1.00	1.00 HSE		23	1	0	0	1.00	1.00	0.00	
Carpenter	NEW	DVHA - BO	Operations	1.00	1.00 HSE		28	1	0	0	1.00	1.00	1.00	RFB & Financial Manager II
Director of Health Care Affordability	730082	DVHA - HIX	Operations	1.00	1.00 HIX		29	1	0	1.00	1.00	1.00	1.00	
Policy Analyst	730179	DVHA - HIX	Operations	1.00	1.00 HIX		27	1	0	0	1.00	1.00	1.00	
Policy and Planning Chief	730180	DVHA - HIX	Operations	1.00	1.00 HIX		27	1	0	0	1.00	1.00	1.00	
Exchange Project Director	730181	DVHA - HIX	Operations	1.00	1.00 HIX		28	1	0	0	1.00	1.00	1.00	
Exchange Management Director	730182	DVHA - HIX	Operations	1.00	1.00 HIX		29	1	0	0	1.00	1.00	1.00	
Exchange Project Director	730183	DVHA - HIX	Operations	1.00	1.00 HIX		28	1	0	0	1.00	1.00	1.00	
Exchange Project Director	730184	DVHA - HIX	Operations	1.00	1.00 HIX		28	1	0	0	1.00	1.00	1.00	
Exchange Project Director	730185	DVHA - HIX	Operations	1.00	1.00 HIX		28	1	0	0	1.00	1.00	1.00	
Office Manager/Administrative Assistant	730189	DVHA - HIX	Operations	1.00	1.00 HIX		20	1	0	0	1.00	1.00	1.00	
Outreach Program Manager	730190	DVHA - HIX	Operations	1.00	1.00 HIX		25	1	0	0	1.00	1.00	1.00	
Deputy Commissioner	737101	DVHA - HIX	Operations	1.00	1.00 HIX		97	1	0	0	1.00	1.00	1.00	
Business Analyst - Operations	NEW	DVHA - HIX	Operations	1.00	1.00 HIX		26	1	0	0	1.00	1.00	0.00	Changed to HIX - Enterprise Business Analyst
Director of Outreach	NEW	DVHA - HIX	Operations	1.00	1.00 HIX		26	1	0	0	1.00	1.00	1.00	
Outreach Manager	NEW	DVHA - HIX	Operations	1.00	1.00 HIX		25	1	0	0	1.50	1.50	1.00	
Data Analyst	270011	GMCCB	Operations	1.00	1.00 HIX		28	1	0	0	1.00	1.00	0.00	
Business Program Coordinator	NEW	MDH	Operations	1.00	1.00 HIX		27	1	0	0	2.00	2.00	0.00	Changed to HIX - Exchange Project Director
Funded In Non-IT Operations	NEW	AHS	IT	35.00	35.00		22	0	1	22.00	22.00	33.05	22.30	
Training & Change Management Specialist	NEW	AHS	IT	1.00	1.00 HSE		28	0	1	0	1.00	1.00	0.00	Funded in IT Internal - Table 10
Training & Change Management Specialist	NEW	AHS	IT	1.00	1.00 HSE		28	0	1	0	1.00	1.00	0.00	Funded in IT Internal - Table 10
Training & Change Management Specialist	NEW	AHS	IT	1.00	1.00 HSE		26	0	1	0	1.00	1.00	0.00	Funded in IT Internal - Table 10
Senior Systems Developer	720148	AHS IT	IT	1.00	1.00 HSE		27	0	1	1.00	1.00	1.00	0.75	Funded in IT Internal - Table 10/Ongoing HIX solution
Executive Staff Assistant	720149	AHS IT	IT	1.00	1.00 HSE		22	0	1	1.00	1.00	1.00	0.00	Funded out of IT Internal - Table 10
Senior Systems Developer	720150	AHS IT	IT	1.00	1.00 HSE		27	0	1	1.00	1.00	1.00	0.75	Funded in IT Internal - Table 10/Ongoing HIX solution
Project Manager	720151	AHS IT	IT	1.00	1.00 HSE		28	0	1	1.00	1.00	1.00	0.00	Funded out of IT Internal - Table 10
Database Administrator	720152	AHS IT	IT	1.00	1.00 HSE		26	0	1	1.00	1.00	1.00	0.75	Funded in IT Internal - Table 10/Ongoing HIX solution
Enterprise Business Analyst	720153	AHS IT	IT	1.00	1.00 HSE		26	0	1	1.00	1.00	1.00	0.00	Funded out of IT Internal - Table 10
Senior Sys Dev - SOA Integration Specialist	720154	AHS IT	IT	1.00	1.00 HSE		27	0	1	1.00	1.00	1.00	0.75	Funded in IT Internal - Table 10/Ongoing HIX solution
AHS Information Systems Security Director	720155	AHS IT	IT	1.00	1.00 HSE		28	0	1	1.00	1.00	1.00	0.00	Funded out of IT Internal - Table 10
Business Analyst	751100	DCF	IT	1.00	1.00 HSE		25	0	1	1.00	1.00	1.00	0.75	Funded in IT Internal - Table 10/Ongoing HIX solution
Business Analyst	751101	DCF	IT	1.00	1.00 HSE		25	0	1	1.00	1.00	1.00	0.00	Funded out of IT Internal - Table 10
BPS (SME - Tester)	IAPD	DCF	IT	1.00	1.00 E&E		20	0	1	1.00	1.00	1.00	0.00	Funded out of IT Internal - Table 10
BPS (SME - Tester)	IAPD	DCF	IT	1.00	1.00 E&E		20	0	1	1.00	1.00	1.00	0.00	Funded out of IT Internal - Table 10
BPS (SME - Tester)	IAPD	DCF	IT	1.00	1.00 E&E		20	0	1	1.00	1.00	1.00	0.00	Funded out of IT Internal - Table 10
BPS (SME - Tester)	IAPD	DCF	IT	1.00	1.00 E&E		20	0	1	1.00	1.00	1.00	0.00	Funded out of IT Internal - Table 10
BPS (SME - Tester)	IAPD	DCF	IT	1.00	1.00 E&E		20	0	1	1.00	1.00	1.00	0.00	Funded out of IT Internal - Table 10
BPS (SME - Tester)	IAPD	DCF	IT	1.00	1.00 E&E		20	0	1	1.00	1.00	1.00	0.00	Funded out of IT Internal - Table 10
BPS (SME - Tester)	IAPD	DCF	IT	1.00	1.00 E&E		20	0	1	1.00	1.00	1.00	0.00	Funded out of IT Internal - Table 10
BPS (SME - Tester)	IAPD	DCF	IT	1.00	1.00 E&E		20	0	1	1.00	1.00	1.00	0.00	Funded out of IT Internal - Table 10
BPS (SME - Tester)	IAPD	DCF	IT	1.00	1.00 E&E		20	0	1	1.00	1.00	1.00	0.00	Funded out of IT Internal - Table 10
BPS (SME - Tester)	IAPD	DCF	IT	1.00	1.00 E&E		20	0	1	1.00	1.00	1.00	0.00	Funded out of IT Internal - Table 10





1. DATE ISSUED 08/23/2012	2. CFDA NO. 93.525	3. ASSISTANCE TYPE Cooperative Agreement
1a. SUPERSEDES AWARD NOTICE dated except that any additions or restrictions previously imposed remain in effect unless specifically rescinded		
4. GRANT NO. 1 HBEIE120130-01-00 Formerly	5. ACTION TYPE New	
6. PROJECT PERIOD From 08/23/2012	Through 12/31/2014	
7. BUDGET PERIOD From 08/23/2012	Through 12/31/2014	

Department of Health and Human Services  
Centers for Medicare & Medicaid Services  
Office of Acquisitions and Grants Management  
7500 Security Boulevard  
Baltimore, MD 21244-1850

**NOTICE OF AWARD**  
AUTHORIZATION (Legislation/Regulations)  
Section 1311 of the Affordable Care Act, Health Insurance Exchange

8. TITLE OF PROJECT (OR PROGRAM) <b>Cooperative Agreements to Support Establishment of State-Operated Health Insurance Exchanges</b>	
9a. GRANTEE NAME AND ADDRESS Human Services, Vermont Agency of 208 Hurricane Lane Williston, VT 05495-2069	9b. GRANTEE PROJECT DIRECTOR Ms. Kate Jones 208 Hurricane Lane Williston, VT 05495-2069 Phone: 802-879-8256
10a. GRANTEE AUTHORIZING OFFICIAL Mr. Douglas Racine 208 Hurricane Lane Williston, VT 05495-2069 Phone: 802-241-2244	10b. FEDERAL PROJECT OFFICER Ms. Susan Lumsden 200 Independence Ave Sw Rm. 738-G Washington, DC 20201-0004 Phone: 301-492-0000

**ALL AMOUNTS ARE SHOWN IN USD**

11. APPROVED BUDGET (Excludes HHS Direct Assistance)		12. AWARD COMPUTATION FOR GRANT	
I HHS Grant Funds Only		a. Amount of HHS Financial Assistance (from Item 11 m)	
II Total project costs including grant funds and all other financial participation		104,178,965.00	
a. Salaries and Wages	4,844,902.00	b. Less Unobligated Balance From Prior Budget Periods	0.00
b. Fringe Benefits	2,248,035.00	c. Less Cumulative Prior Award(s) This Budget Period	0.00
c. Total Personnel Costs	7,092,937.00	d. AMOUNT OF FINANCIAL ASSISTANCE THIS ACTION	104,178,965.00
d. Equipment	410,470.00	13. Total Federal Funds Awarded to Date for Project Period	104,178,965.00
e. Supplies	10,800.00	14. RECOMMENDED FUTURE SUPPORT	
f. Travel	311,880.00	(Subject to the availability of funds and satisfactory progress of the project):	
g. Construction	0.00	YEAR	TOTAL DIRECT COSTS
h. Other	18,279,234.00	a. 2	d. 5
i. Contractual	92,225,105.00	b. 3	e. 6
j. TOTAL DIRECT COSTS	118,330,426.00	c. 4	f. 7
k. INDIRECT COSTS	0.00	15. PROGRAM INCOME SUBJECT TO 45 CFR PART 74, SUBPART F, OR 45 CFR 92.25, SHALL BE USED IN ACCORD WITH ONE OF THE FOLLOWING ALTERNATIVES:	
l. TOTAL APPROVED BUDGET	118,330,426.00	a. DEDUCTION	
m. Federal Share	104,178,965.00	b. ADDITIONAL COSTS	
n. Non-Federal Share	14,151,461.00	c. MATCHING	
		d. OTHER RESEARCH (Add / Deduct Option)	
		e. OTHER (See REMARKS)	
		16. THIS AWARD IS BASED ON AN APPLICATION SUBMITTED TO, AND AS APPROVED BY, HHS ON THE ABOVE TITLED PROJECT AND IS SUBJECT TO THE TERMS AND CONDITIONS INCORPORATED EITHER DIRECTLY OR BY REFERENCE IN THE FOLLOWING:	
		a. The grant program legislation cited above.	
		b. The grant program regulations cited above.	
		c. This award notice including terms and conditions, if any, noted below under REMARKS.	
		d. HHS Grants Policy Statement including addenda in effect as of the beginning date of the budget period.	
		e. 45 CFR Part 74 or 45 CFR Part 92 as applicable.	
		In the event there are conflicting or otherwise inconsistent policies applicable to the grant, the above order of precedence shall prevail. Acceptance of the grant terms and conditions is acknowledged by the grantee when funds are drawn or otherwise obtained from the grant payment system.	

REMARKS (Other Terms and Conditions Attached -  Yes  No)  
Please refer to the Standard and Special Terms & Conditions.

GRANT MANAGEMENT OFFICER: Michelle Feagins, Grants Management Officer

17. OBJ CLASS 4115	18a. VENDOR CODE 1036000264D4	18b. EIN 036000264	19. DUNS 809376155	20. CONG. DIST. 00
FY-ACCOUNT NO.	DOCUMENT NO.	ADMINISTRATIVE CODE	AMT ACTION FIN ASST	APPROPRIATION
21. a. 2-5992638	b. HBEIE0130A	c. SEPI	d. \$104,178,965.00	e. 7520115
22. a.	b.	c.	d.	e.
23. a.	b.	c.	d.	e.

## **Section G. Budget Narrative**

The State will be leveraging Federal funding via the Vermont Health Enterprise Advance Planning Document (APD) and the Exchange Level Two Grant. Federal and State staff must be able to identify what work was done and how much of the cost of that work is applied to each approved funding stream. Over the course of the past few years, Vermont has established a close relationship between a core team of VT staff (Senior Leadership, Financial Managers, Business/Program Managers, and IT Stakeholders) and CMS Leadership (regional administrators, Central Office Personnel-including CCHIO staff, IT Directors, and Program Managers). Close and frequent communication has helped build a trusted network from which Vermont operates in a very committed manner to help ensure coordination between projects, project costs, funding streams (between the APDs and Grants), and allocation of funds to address both Federal and State needs.

In April 2012, the State submitted a Jumbo IAPD V4 that included the Exchange, E & E, HIT, and MES. The allocated costs for the Exchange in the approved IAPD were \$113,812,226. The State's current estimate of the costs for establishment of the Exchange is \$118,530,426. A portion of this latest exchange cost estimate, \$14,151,461, is allocable under Medicaid 90/10 funding while \$104,378,965 is requested under this Level Two Establishment grant application.

The current Level One Establishment Grant currently has unobligated IT budget funding of \$10,100,000. Accordingly, once the Level Two Establishment grant has been approved, the State plans to submit an updated IAPD to reflect the approved funding for the Level One and Two Establishment grants.

### **I. Budget Request Overview**

The total Exchange establishment budget request for the 2012 – 2014 establishment period is \$104,378,965, as summarized in Table 1 and Table 2, below. This section will outline the specific assumptions and key variables underlying this budget estimate.

Because of the significant portion of cost accounted for by the development and operation of IT infrastructure, this budget narrative is divided into two primary sections: the first addresses non-IT Exchange program establishment staff and activities; the second is focused on the design, development, and implementation (DDI) of the Exchange technology solution. Although the budget for IT implementation includes costs in each of the primary cost categories outlined in the Funding Opportunity Announcement (FOA), for clarity we have included all costs associated with the IT budget in Line H, Contractual.

**Table 1. Vermont Level II Establishment Grant Overview**

	Total	Percent of Total
<b>IT Budget</b>		
IT Budget (Prior to Allocation)	79,502,589	
Medicaid Allocation	-14,151,461	
<b>Total IT</b>	<b>65,351,128</b>	<b>63%</b>
<b>Non IT Budget</b>		
Call Center	6,390,151	6%
Outreach and Education	7,377,952	7%
Consulting	10,405,875	10%
Staff & Fringe	7,092,937	7%
Other	7,760,922	7%
<b>Total Non-IT Budget</b>	<b>39,027,837</b>	<b>37%</b>
<b>Grand Total</b>	<b>104,378,965</b>	<b>100%</b>

**Table 2. Vermont Level II Establishment Grant Summary by Line Item**

	CY 2012	CY 2013	CY 2014	Grant Period Total 2012-2014
Salaries	303,770	2,213,932	2,327,201	4,844,902
Fringe	140,949	1,027,264	1,079,821	2,248,035
Consultants	3,489,078	7,311,367	6,983,382	17,783,827
Equipment	163,090	164,190	83,190	410,470
Supplies	3,600	3,600	3,600	10,800
Travel	103,960	103,960	103,960	311,880
Other	381,608	1,273,223	2,472,942	4,127,773
Contractual Costs	12,084,416	34,209,020	42,499,304	88,792,739
<b>Total Direct Costs</b>	<b>16,670,471</b>	<b>46,306,556</b>	<b>55,553,400</b>	<b>118,530,426</b>
Indirect Cost	0	0	0	0
<b>Total Direct and Indirect</b>	<b>16,670,471</b>	<b>46,306,556</b>	<b>55,553,400</b>	<b>118,530,426</b>
Less Medicaid Allocable	(2,151,026)	(5,520,482)	(6,479,953)	(14,151,461)
<b>Total Costs</b>	<b>14,519,444</b>	<b>40,786,074</b>	<b>49,073,447</b>	<b>104,378,965</b>

**II. Budget Line Item Detail****A. SALARIES AND WAGES**

The total amount requested for non-IT salary costs is \$4,844,902. Because the Exchange will be operating within the Department of Vermont Health Access (DVHA), a unit of the state's Human Services agency, the Exchange will be supported by staff residing in multiple state agencies, including DVHA, the Department of Financial Regulation (DFR), the Agency of Administration (AoA), the Agency of Human Services, the Department for Children and Families, and the Green Mountain Care Board. This matrixed approach has been taken to maximize efficiency by leveraging existing agency expertise and administrative infrastructure. The number of FTE's required to develop and support the Exchange during the start-up phase is larger than the anticipated need to operate the organization on an ongoing basis. As reflected in the table below, the overall staffing footprint is expected to decrease in CY 2015 following its peak in CY 2014. Please note that the staff requested in this line item relate to non-IT staff. The significant effort to develop and implement an integrated technology solution to support the Exchange and other state programs will also require a significant number of IT staff, including both full time Vermont employees as well as contracted employees. These additional positions, including staff reporting within AHS, DCF, and the Department of Information and Innovation (DII) are included as part of the IT budget and itemized separately below. Staff salary and fringe estimates below have been adjusted to remove potential overlap in budget funding between Vermont's Level One and Level Two grant funding requests. Tables 3 and 4 below summarize Exchange staffing from 2012 through 2014.

**Table 3. Internal Year-End FTEs by HBE Department and Calendar Year**

VT Exchange Departments	FTEs (YE)			
	2012	2013	2014	2015
DVHA	5	20	20	17
DFR	2.5	6.3	6.3	4.8
Agency of Administration	1	2.75	2.75	0.5
GMCB	1	1	1	0



AHS IT	0	0	0	3
VDH	1	1	1	0
DCF	2	2	2	0.75
<b>Total</b>	<b>12.5</b>	<b>33.05</b>	<b>33.05</b>	<b>26.05</b>

**Table 4. Internal Staff Salaries by Department and Calendar Year**

VT Exchange Departments	2012	2013	2014	Total
DVHA	171,078	1,414,081	1,486,428	3,071,588
DFR	45,471	363,894	382,511	791,875
Agency of Administration	19,168	155,096	163,031	337,295
GMCB	19,997	82,531	86,754	189,282
DII	0	0	0	0
AHS IT	0	0	0	0
VDH	18,789	77,542	81,509	177,840
DCF	29,267	120,788	126,967	277,022
<b>Totals</b>	<b>303,770</b>	<b>2,213,932</b>	<b>2,327,201</b>	<b>4,844,902</b>

**B. FRINGE BENEFITS**

The total amount requested for non-IT fringe costs for the grant period is \$2,248,035. Fringe benefits are estimated using a factor of 46.4%, which is standard for budgeting State of Vermont employee positions.

**C. CONSULTANT COSTS**

The total requested amount for non-IT consultant costs for the grant period is \$17,738,827. Of the total amount requested \$7,687,827, or 43%, is related to outreach and education; \$3,910,000, or 22%, is related to health insurance market reform, including the evaluation of Risk Adjustment and Reinsurance; the remaining funding request is related to policy, planning, oversight, and project management. A description of the consulting work to be performed and relevance of the project is included in Appendix I.

**Table 5. Consulting Engagement Costs by Project**

Project	Total Grant Period
Outreach and Education	7,687,827
DFR - SERFF Improvement	75,000
External Auditor (Operational)	150,000
Econometric and Actuarial Analysis	300,000
Risk Adjustment & Reinsurance	585,000
Micro Simulation	250,000
Small Employer Survey	200,000
Disenrollment Survey	100,000
Organizational Structure Review	450,000
Staff Training	400,000
Evaluation Implementation and Analysis	675,000
DVHA - Transitional Wellness and Insurance Orientation	720,000
Project Management	1,386,000
Appeals and Grievance Process Assessment	125,000
Tax Collection Study	55,000
Legal Support	125,000
Call Center Operations - Consulting	225,000
Enrollment Integration (Medicaid, Large Group)	200,000
Medicaid Integration Planning	250,000
Cost Trend Analysis	500,000

APCD Enhancement	1,575,000
Cost Containment Strategy	1,200,000
Administrative Simplification	150,000
Executive Education - Change Management	250,000
Affordability Standard/Credit	150,000
<b>Total</b>	<b>17,783,827</b>

**C. EQUIPMENT**

The total amount requested for non-IT equipment costs for the grant period is \$410,470. Estimated equipment costs include computer hardware and software to support Exchange business and IT staff; printers, telephones, fax machines, and other office equipment, as itemized below.

**Work Station and Business Software** – We estimate that for each FTE there will be a \$1,000 start-up cost with ongoing costs of \$750 per year for work stations and software.

**Mobile Devices** – The estimated cost for mobile devices is a one-time purchase cost of \$250 with ongoing service fees of \$50 per month, per FTE.

**Telephone Equipment** – The total expense for telephone equipment costs is estimated at \$750 per FTE per year.

**PC Projectors** – We estimate that 1 PC Projector is required at a total cost of \$2,500.

**Printer (b&w)** – This budget assumes the need to lease 3 black and white printers at a cost of \$130 per year. This cost includes toner and maintenance.

**Printer (color)** – This budget assumes the need to lease 3 color printers at a cost of \$200 per month. This cost includes toner and maintenance.

**D. SUPPLIES**

The total amount requested for non-IT supplies is \$10,800, which is inclusive of general office supplies. General office supplies are estimated at \$100/FTE/Year.

**E. TRAVEL**

The total amount requested for non-IT employee travel reimbursement is \$311,880. This amount is inclusive of estimated out-of-state trips taken by Exchange personnel for federal and state conferences on exchanges, professional development, and consultation with other states and the federal government. It also includes in-state travel reimbursement. In-state travel is budgeted at \$2,000 per year per FTE, which is standard when budgeting State of Vermont employee costs. Out-of state travel is based upon the need for staff to travel out of state five times annually to attend meetings with federal partners, other states, or conferences. These costs utilize the following assumptions:

**Table 6. Out of State Travel Cost Per Trip Assumptions**

<b>Out of State Travel</b>	
Days	4
Nights	3
Staff Travelling	4
Round Trip Airfare	600.00
Ground Transport	65.00
Hotel	211.00
Per Diem	75.00
<b>Travel Cost Per Out of State Trip</b>	<b>6,392.00</b>

**F. OTHER ADMINISTRATIVE**

The total amount requested for other expenses is \$4,127,773, which is inclusive of facilities costs and other ancillary business and staff expenses required for the Exchange. In addition, this amount includes an administrative cost allocation equivalent to 40% of personnel costs to account for overhead and administrative expenses provided state agencies. This allocation, as well as other expense items included here, follows standard DVHA budget development practices and unit cost assumptions. Detailed assumptions for other administrative expenses are itemized below:

**Printing & Reproduction** – We estimate that each FTE will incur \$50 in printing and reproduction costs per year.

**Dues & Subscriptions** – This estimated expense includes fees for professional associations and subscriptions. The total estimated cost is \$42 per FTE per month, or \$504 on an annualized basis.

**Professional Development** – We estimate training and professional development costs and fees will amount to \$83 per FTE per month, or \$996 on an annualized basis.

**Office Furniture & Fixtures** – We estimate the total cost of office furniture and fixtures to be a one-time cost of \$250 per FTE and an ongoing cost of \$50 per FTE per year.

**Stakeholder Meetings** – We anticipate having 18 advisory committee and public stakeholder meetings per year at a cost of \$4,500 each. This cost covers the rental of a meeting facility and ancillary printing, materials, and equipment costs.

**Appeals (Staff, Hearing Officers, Interpreters)** – This cost includes the cost of appeals staff, hearing officers, interpreters, and other expenses to hear and adjudicate appeals. The total estimated annual cost for this service is \$77,519 per month, or \$930,224 annually starting in 2014.

**Printing and Collateral** – We estimate the annual cost of printing and collateral services to be \$100,000 per year. We anticipate a staggered introduction of this expense based on the introduction of educational materials regarding the Exchange establishment.

**Mailing and Promotional** – We estimate the annual cost of mailing and promotional services to be \$120,000 per year. We anticipate a staggered introduction of this expense based on the need for educational material regarding the Exchange establishment.

**Space** – We estimate that work space will cost \$4,000 per FTE per year.

**Administrative Allocation Charges** – An estimate of 40% of personnel costs are applied according to the state’s Cost Allocation Plan, which reflects administrative and overhead costs borne by the state for items not included in the direct cost estimates itemized above (e.g., HR, accounting, and other overhead cost items).

**Table 7. Summary of Budget Estimate for Items D, E, F, and G**

	2012	2013	2014	Total
<b>D. Equipment</b>				
Work Station and Business Software	99,000	27,000	27,000	18,750
Mobile Devices	32,400	102,600	21,600	10,800
Telephone - Equipment	27,000	27,000	27,000	24,750
PC Projectors	2,500	0	0	0
Printer (b&w) incl. Toner etc.	390	390	390	390
Printer (Color) incl. Toner, etc.	1,800	7,200	7,200	7,200
<b>Total Equipment</b>	<b>163,090</b>	<b>164,190</b>	<b>83,190</b>	<b>410,470</b>
<b>E. Supplies</b>				
General Office Supplies	3,600	3,600	3,600	10,800
<b>Total Supplies</b>	<b>3,600</b>	<b>3,600</b>	<b>3,600</b>	<b>10,800</b>

<b>F. Travel</b>				
In-State	72,000	72,000	72,000	216,000
Out-of-State	31,960	31,960	31,960	95,880
<b>Total Travel</b>	<b>103,960</b>	<b>103,960</b>	<b>103,960</b>	<b>311,880</b>
<b>G. Other Administrative</b>				
Printing and Reproduction	1,800	1,800	1,800	5,400
Dues and Subscriptions	4,536	18,144	18,144	40,824
Professional Development	8,964	35,856	35,856	80,676
Office Furniture and Fixtures	19,800	-3,150	1,350	18,000
Stakeholder Meetings	81,000	81,000	81,000	243,000
Appeals (Hearing Officers, Rooms and Interpreters)	0	0	1,039,912	1,039,912
Printing and Collateral	0	50,000	100,000	150,000
Mailings and Promotional	0	60,000	120,000	180,000
CAP Charges	121,508	885,573	930,880	1,937,961
Space	144,000	144,000	144,000	432,000
<b>Total Other</b>	<b>\$381,608</b>	<b>\$1,273,223</b>	<b>\$2,472,942</b>	<b>\$4,127,773</b>

## H. CONTRACTUAL COSTS

The total amount requested for contractual costs is \$74,641,278. The total amount of contractual funded through other sources is \$14,151,461. Total contractual costs are estimated to be \$88,792,739. This section will first discuss non-IT contractual costs, and will then provide a detailed discussion of funding requested to support the design, development, and implementation of the Exchange technology solution.

### *Non-IT Contractual Costs*

#### 1. Customer Service and Call Center Costs

The estimate of customer call center costs is based upon per-member per-month cost benchmarks, scaled to the estimated enrollment in Vermont's Exchange. This cost estimate assumes that call center functionality will be integrated between the Exchange and the Medicaid program. Based upon estimated Exchange and Medicaid enrollment member months in 2014, the estimated per-member per-month cost of the customer call center is \$3.69, or \$3,195,076. In addition to the cost of operations beginning in 2014, the cost estimate includes the anticipated system set up, installation, and training during the second half of 2013, estimated to be \$3,195,076.

#### 2. Transitional Broker Fee Payments to Support Small Employers

Under Act 171, Vermont's small group market will be changed beginning in 2014 such that (a) small employers may only purchase insurance through the Exchange and (b) broker fees will no longer be incorporated into health plan premiums, but will rather be charged directly to small employers as a separate, transparent fee. Based upon stakeholder interviews and market research with small employers in Vermont, the state has ascertained from businesses in the state that employers have an anticipated need for broker support during the first year of this market transition, but are unlikely to use a broker if faced with current broker fee levels (estimated at 4% of premium). In order to support the transition to the new, Exchange-based market place, the state is requesting \$2,000,000 dollars to fund a transitional broker payment to offset a portion of the cost that would be incurred by small businesses should they purchase broker services at existing commission levels. This transitional payment would allow the fee paid by small employers to be reduced from current levels, and is intended as a one-year transitional program to allow employers to become oriented to the new market.

#### 3. Variable Operating Costs Related to Integrated System Solution

The Exchange technology implementation and ongoing maintenance expense, described in detail below, includes the design, development, and build-out of the fixed technology components that will support ongoing Exchange business operations. To provide the services necessary to operate the

Exchange, including fulfillment, premium billing, enrollment, and small business-specific functions, the Exchange will seek additional services from contracted third-party vendors. The estimated cost for providing these services in 2014 is \$899,999.

**IT Budget**

**IT Development and Operations:**

While the IT Budget has been broken down in the same manner as the overall budget, we anticipate the complete IT project for Vermont to be contracted and have therefore budgeted it as such. This represents a multi-year implementation plan for a full-function health benefits exchange. The budget is displayed in the table below, and an explanation of the contents supporting each budget line item follows the table.

The State’s current IT strategy is to use Oracle OnDemand services which will enable the State to accelerate its DDI environment deployment to support the Exchange and other related healthcare reform environments, such as the Integrated Eligibility System. The self-service strategy implicit in the Exchange requires a level of IT availability that the State data center cannot currently provide. Leveraging Oracle OnDemand will provide the State with a more robust solution able to meet the anticipated demands of the self-service strategy.

**Table 8. Total Exchange IT Budget (before allocations)**

Summary of Costs		2011	2012	2013	2014	Grant Period
			Year 1	Year 2	Year 3	Costs (2012-14)
A	Salaries		\$ 440,270	\$ 2,908,425	\$ 2,035,670	\$ 5,384,365
B	Fringe		\$ 204,285	\$ 1,349,509	\$ 944,551	\$ 2,498,345
C	Consultants		\$ 5,958,759	\$ 7,942,874	\$ 5,589,066	\$ 19,490,699
D	Equipment	(Sunk Cost) \$ 3,800,000	\$ 2,796,200	\$ 1,180,000	\$ 1,180,000	\$ 5,156,200
E	Supplies		\$ 28,050	\$ 56,100	\$ 56,100	\$ 140,250
F	Travel		\$ -	\$ -	\$ -	\$ -
G	Other		\$ 928,508	\$ 1,468,620	\$ 1,119,518	\$ 3,516,646
H	Contractual Costs (IT Budget)		\$ 841,543	\$16,551,816	\$25,922,724	\$ 43,316,084
<b>Total Costs</b>			<b>\$ 12,084,416</b>	<b>\$31,013,944</b>	<b>\$36,404,229</b>	<b>\$ 79,502,589</b>
	Design & Build (DD&I) Costs		\$ 12,084,416	\$28,996,174	\$28,290,270	\$ 69,370,860
	Maintenance & Operations		\$ -	\$ 2,017,770	\$ 8,113,959	\$ 10,131,729
<b>Total Costs (including Medicaid Allocated)</b>			<b>\$ 12,084,416</b>	<b>\$31,013,944</b>	<b>\$36,404,229</b>	<b>\$ 79,502,589</b>
Medicaid Allocated			(\$2,151,026)	(\$5,520,482)	(\$6,479,953)	(\$14,151,461)
<b>Total Costs (excluding Medicaid Allocated)</b>			<b>9,933,390</b>	<b>25,493,462</b>	<b>29,924,276</b>	<b>65,351,128</b>

Vermont’s small population translates into a low volume of potential exchange enrollees, which makes analysis of sustainability a key component of any business model and eventual solution architecture discussion. For this reason, Vermont continues to review and consider data that could affect sustainability and refine plans accordingly. To this end, during the first year of the grant, a number of significant project activities will be performed and decisions will be made to assess sustainability. These activities include:

- Reviewing the project staffing strategy to determine where additional long-term state contractors and state-knowledgeable resources will add subject matter expertise and aid in knowledge transfer to improve exchange start up and long-term viability of the exchange.
- Performing a detailed assessment of the components and possible external services available from the New England States Collaborative for Insurance Exchange Systems (NESCIES)

Consortium, other innovator states, and vendors that can supplement the Vermont solution. These assessments would result in a refined strategy and updated contracting agreements.

- Refining design and implementation decisions related to components shared from the NESCIES consortium to support a refinement of the overall implementation budget.
- Finalizing Exchange business model decisions, based on market research results coupled with IT strategy decisions above and supporting sustainability analysis, which may result in more limited exchange functions given financial, market constraints.

These decisions and accompanying final design review will take place between the end of the second quarter and middle of the third quarter of the first year of the grant period. The implementation team builds up by quarter, as described in the Roadmap report. The internal and external team will consist of a number of full time team and part time members over the implementation timeline, detailed in the tables below. Assumptions for the IT Budget line items are as follows:

#### A. SALARIES/STAFF COMPENSATION

Total labor cost for resources committed to the IT Budget for the grant period is shown in the table below. Vermont may consider staffing IT roles with long-term contractors for Exchange implementation. The use of long-term contractors is practiced in VT primarily to attract the required skill set and experience with new technologies that are not readily available in the state workforce, and not able to be recruited under the state's existing salary structure. Contracted individuals' fully loaded cost is estimated at 67% of the cost of large system integrators or consulting firms' rates for the same resources with no fringe added. The table below illustrates the internal FTE's required for the IT Projects:

**Table 10. Internal FTE Requirements**

<u>Internal Labor Costs</u>	Year 1	Year 2	Year 3	Total
Internal Staff Costs derived from Work Package Cost Details (fully loaded)	\$ 644,555	\$4,217,434	\$2,765,936	\$7,627,925
Average Internal FTE's	6.9	50.5	32.3	29.9
Average Annual Cost per Internal FTE (fully loaded)	\$93,985	\$83,529	\$85,677	\$85,103

The roles identified below are preliminary. During mobilization, the internal work will likely be adjusted among different roles, depending on the resources available and further refinement of the detailed work plan. The Loaded Annual Cost and Loaded Cost columns for each year are fully loaded as independent contractor costs with no fringe required.

**Table 11. Summary of Internal Staffing by year through 2014**

Name	Daily Rate	Annual Cost	2012		2013		2014	
			FTE s	Loaded Cost	FTEs	Loaded Cost	FTEs	Loaded Cost
Total Internal Resources			6.9	\$ 644,555	50.5	\$ 4,217,434	32.3	\$ 2,765,936
Total Internal Business Resources			4.5	\$ 384,051	41.2	\$ 3,232,021	24.2	\$ 1,896,194
IB.PGM Business Program Management - Internal	\$ 592	\$ 127,872	0.0	\$ 1,184	0.3	\$ 36,112	0.0	\$ 2,960
IB.PM Business Project Management - Internal	\$ 651	\$ 140,616	0.3	\$ 35,545	1.2	\$ 168,121	1.7	\$ 241,781
IB.PC Project Coordinator - Internal	\$ 541	\$ 116,856	0.5	\$ 53,018	0.2	\$ 22,181	0.1	\$ 10,009

		2012				2013		2014	
	Name	Daily Rate	Annual Cost	FTE s	Loaded Cost	FTEs	Loaded Cost	FTEs	Loaded Cost
IB.BUS	Business Rep Resource - Internal	\$ 359	\$ 77,544	3.7	\$ 288,564	35.9	\$ 2,781,747	16.3	\$ 1,263,895
IB.ADM	Business Admin Support - Internal	\$ 287	\$ 61,992	0.1	\$ 5,740	3.6	\$ 223,860	6.1	\$ 377,549
	<i>Total Internal Technical Resources</i>			2.3	\$ 260,505	9.3	\$ 985,413	8.1	\$ 869,742
IT.SPM	IT Senior Project Management - Internal	\$ 592	\$ 127,872	0.4	\$ 53,576	0.6	\$ 78,588	0.6	\$ 78,884
IT.PM	IT Project Management - Internal	\$ 651	\$ 140,616	0.2	\$ 30,923	1.2	\$ 169,227	1.5	\$ 215,807
IT.BAN	Business Analyst - Internal	\$ 541	\$ 116,856	0.4	\$ 48,463	0.4	\$ 44,789	0.2	\$ 18,821
IT.AA	Application Architect - Internal	\$ 486	\$ 104,976	0.1	\$ 8,165	0.4	\$ 37,762	0.0	\$ 2,673
IT.IA	Information Architect - Internal	\$ 554	\$ 119,664	0.1	\$ 10,050	0.1	\$ 7,191	0.1	\$ 6,914
IT.SEC	Security Architect - Internal	\$ 486	\$ 104,976	0.3	\$ 33,330	0.3	\$ 29,481	0.3	\$ 27,294
IT.SOL	Solution Architect - Internal	\$ 486	\$ 104,976	0.0	\$ 2,236	0.0	\$ 535	0.0	\$ -
IT.SA	Systems Analyst - Internal	\$ 429	\$ 92,664	0.2	\$ 14,414	0.9	\$ 83,816	0.3	\$ 29,665
IT.DAM	Data Analyst/Modeler - Internal	\$ 429	\$ 92,664	0.0	\$ -	0.0	\$ -	0.0	\$ -
IT.TA	Technology Architect - Internal	\$ 486	\$ 104,976	0.2	\$ 17,166	1.8	\$ 186,473	1.5	\$ 153,936
IT.NET	Network Analyst - Internal	\$ 429	\$ 92,664	0.0	\$ 751	0.0	\$ 215	0.0	\$ -
IT.PA	Programmer/Analyst - Internal	\$ 429	\$ 92,664	0.0	\$ -	2.6	\$ 237,679	2.5	\$ 232,934
IT.QA	QA Analyst - Internal	\$ 429	\$ 92,664	0.3	\$ 27,799	0.8	\$ 72,158	0.9	\$ 83,741
IT.LIB	Documentation Administrator - Internal	\$ 429	\$ 92,664	0.1	\$ 13,634	0.2	\$ 15,985	0.2	\$ 15,598
IT.OSA	Operations/Support Analyst - Internal	\$ 429	\$ 92,664	0.0	\$ -	0.2	\$ 15,079	0.0	\$ 2,188
IT.DBA	Database Administrator - Internal	\$ 429	\$ 92,664	0.0	\$ -	0.1	\$ 6,435	0.0	\$ 1,287

## B. FRINGE BENEFITS

Fringe Benefits for internal staff are estimated at 46.4% of base salary.

## C. CONSULTANTS

Total cost for consulting resources committed to the IT Budget for the grant period is estimated as illustrated below. These costs are separate from the (business) Consulting Costs in the overall budget, and separate from the contractual costs in section (h) below. The days and amounts are before Medicaid allocations for EFP funding.

**Table 12. Consultant Costs (before Medicaid Allocations)**

ID	Project	Amount	Days
ST01-P011	Release 1 Mobilization	\$1,593,277	694
ST01-P012	Implementation Strategy Requirements and Plan	\$1,221,442	586
ST01-P013	Requirements and Logical Architecture Specification	\$3,741,277	2,688
ST01-P014	Procurement Process	\$192,043	105

ST01-P015	Data Center Capacity Assessment and Disaster Recovery Plan	\$245,040	110
ST11-P111	Release 2 Mobilization	\$130,866	65
ST21-P211a	IT Program Management	\$1,543,704	701
ST21-P211b	Project Management Quality Assurance	\$6,156,941	2,405
ST21-P211b-2	Independent Verification and Validation (IV&V)	\$1,532,149	599
ST21-P211c	Architecture Integration	\$3,133,961	1,649
Total		\$19,490,699	9,602

**D. EQUIPMENT**

Total equipment cost included in the IT budget includes hardware costs, software license costs, and annual hardware and software maintenance costs. We assume the majority of software required to configure the IT solutions required for the Exchange must be bought in 2012 to meet the required implementation dates. We assume that hardware lease costs are needed to support the project team's working environment, as well as development and test environments.

**Table 13. Equipment Costs (2012 – 2014)**

Equipment Category	Amount
Hardware Acquisition	\$650,000
Software Acquisition	\$1,500,000
S/W Maintenance Agreement Costs	\$1,060,000
H/W Maintenance Agreement Costs	\$1,680,000
H/W Warranty & Lifecycle Replacement Costs	\$266,200
<b>Total Equipment Cost</b>	<b>\$5,156,200</b>

**E. SUPPLIES**

General office supplies are estimated at \$56,100 for each year, for a total of \$140,250 for the contract term. The estimate is calculated based on an average of 66 team members required onsite. We have assumed that the supplies cost is \$100 and telephone cost is \$750 per year per team member.

**F. TRAVEL**

We have assumed \$7,798,560 of travel costs for the duration of implementation. This accounts for travel required by 70% of contractors at a rate of \$300 per day.

**G. OTHER**

Other costs of \$1,362,900 include staff technical training costs, build-out of facilities for the project team, including acquisition of furniture and telecommunications for up to 66 onsite team members. The total includes \$82,500 for staff technical training, \$660,000 for facility acquisition and build out, and facility lease and utilities cost for office space of \$4,000 per onsite team member. This projects to an annual office space costs of \$264,000 for each of two and a half years during the implementation.

**H. CONTRACTUAL COSTS**

The IT Contractual Costs are assumed to be the costs for systems integration services to design, configure and implement the hardware and software required for the Vermont Exchange IT solution. Contractual costs begin relatively low, due to vendor selection and startup activities, but ramp up very quickly in 2013 and 2014. The estimated contractual costs are shown in the table below.

**Table 14. Contractual Costs by Release**

Software Package Acquisition and Deployment	Design	Develop	Implement	M&O



Release 1	\$1,077,313	\$4,175,743	\$10,593,138	\$2,265,209	\$4,940,299
Release 2	\$0	\$3,976,409	\$14,081,026	\$1,022,941	\$1,184,004

### **III. Medicaid Allocation**

Since this grant funds an integrated project that supports both the Vermont Exchange and the state's Medicaid program, IT system development, operating, and maintenance costs must be allocated proportionately between the two programs. Our allocation methodology is based on the relative usage of system functionality by each program, and within each area of system functionality, the relative number of potential users from each program. Medicaid allocations are developed as follows for each function:

- If the function serves the Exchange only, Medicaid allocation of Function Points is 0%, Exchange is 100%.
- If the function serves Medicaid only (very few functions in this category), Medicaid is 100%, Exchange is 0%.
- If the function serves both the Exchange and MAGI Medicaid, the Medicaid allocation is the percent of the population served that is Medicaid, and Exchange allocation is the remainder. The percentages that apply to each category are noted in Table below.

For each Exchange application component, we calculated the total number of function points for Medicaid, and the percentage represents the total function points for the component applicable to Medicaid. To arrive at the overall Medicaid allocation, the number of function points for Medicaid for all components in total, as well as the percentage this is of the function points for all components, are calculated. Functions are rolled up by logical component and recorded in the table below.

**Table 15. Medicaid Allocation Summary**

Functionality	Function Point Count	Medicaid Portion of FP Count	Medicaid Percent of FP Count
Appeals Management	121	-	0.0%
Comparison Shopping	97	18	18.4%
Eligibility Assessment	638	55	8.5%
Enrollment Processing	1,044	204	19.5%
Insurance Plan Management	523	133	25.5%
Risk Management	646	165	25.5%
Premium & Tax Credit Processing	565	-	0.0%
Broker / Navigator Relationship Management	586	60	10.2%
Business Process Management	188	48	25.5%
Marketing and Outreach	140	-	0.0%
Customer Service & Account Management	316	66	20.9%
Financial Tx Processing	156	-	0.0%
Master Person Index	225	57	25.5%
Knowledge Management	226	58	25.5%
Information Management	1,010	258	25.5%
Integration Management	50	13	25.5%
Integration Content Processing (Processing Adapters)	380	97	25.5%
<b>Total:</b>	<b>6,910</b>	<b>1,232</b>	<b>17.8%</b>

### **APPENDIX I. CONSULTING ENGAGEMENT DESCRIPTION AND RELEVANCE NON-IT CONSULTING ENGAGEMENTS**

<b>DFR - SERFF Improvement</b>	
<b>Organizational Affiliation</b>	Department of Financial Regulation (DFR)