From: Rep Richardson
Sent: Monday, September 17, 2012 5:59 PM
To: Rep Richardson; Sen Devlin; Rep Buckley
Cc: Rocco Ken G; Hill Daron M; Wilhelms Angela; Adamson Jessica; Bentley Phil; Dave DOTTERRER; Cummings Bob; Ames Linda L
Bcc: Gov. Kitzhaber
Subject: RE: Status of Health Ins. Exchange (HIX-IT) Project--with Attachment

State Rep. Dennis Richardson

District 4 - W. Jackson and E.
Josephine Counties
State Capitol Office: 503-986-1404
rep.dennisrichardson@state.or.us
**District Office: 55 South
5th Street
Central Point, Oregon 97502
541-601-0083**

Colleagues:

After last week's E-Board discussion regarding the HIX-IT project, this email is to focus our attention on the graph below, and to remind us that this multi-million dollar project is in jeopardy.

Oregon's HIX-IT project was granted $48M of Early Innovator federal funds in February, 2011, plus an additional $11M for a total allocation of $59 million. The Health Ins. Exchange Corp. was created in Senate Bill 99, and signed into law June 22, 2011.

The Exchange is required to be "functional" with a "client ready system" by October 2013. Assuming nothing was done between February and June 2011, we are now 15 months into this 28 month project.

On August 16th, Maximus, the Quality Assurance overseer of the HIX-IT project, published its updated report on the status of the HIX-IT project (attached).

In my opinion, the leadership of HIX-IT should, without further delay, address the QA's concerns and provide all of the requested project documentation, schedules and status reports or else be subject to having the project terminated to avoid further expenditures.

In light of the dismal and foreboding QA evaluation on this project shown in the chart below, without full and immediate compliance with legislative oversight requirements, we should be prepared to "pull the plug." With planning, compliance with leg. oversight requirements could be accomplished without stopping the work, and it certainly would be required if the funding were from GF dollars.

Dennis

From: Rep Richardson
Sent: Thursday, September 20, 2012 9:20 PM
To: John Kitzhaber
Subject: Note from Richardson -- Status of Health Ins. Exchange (HIX-IT) Project--with Attachment

Governor,

I know you are concerned about the success of the Health Ins. Exchange project. We both are.

Below is a status summary table prepared by the Q.A. for the HIX-IT project. I pulled it from the attached QA's August 2012 project status report. As you will see from the table below, the Q.A. is sounding an alarm that this project is in substantial jeopardy of being Oregon's next multi-million dollar I.T. project fiasco. The "Red (High) Risk" list not only refers to the inherent riskiness of the project, but to the project's management team, development, budget and development process.

I like Rocky. Rocky is not the issue. Proper oversight of a $59 million project is the issue. My email below to the Co-Chairs is about good business practices. I met with Rocky King last week and his response to my concerns over the alarms sounded by the project's Q.A. and Bob Cummings in LFO (who agrees with the Q.A.'s bleak assessment), was to become defensive and focus on how busy he and his staff are. Once again, the issue is not about Rocky. Rocky is putting his heart and soul (and possibly his physical well-being and health) on the line. The focus is on good business practices. Rocky wants us to just trust his good intentions and hard work, and hope for the best. In a project such as HIX-IT, just hoping for the best while ignoring good business practices and the recommendations your experts in project management is irresponsible.

 In other words, if you were the investor with $59 million and you hired a professional Quality Assurance expert to help protect your investment, and your QA gave the scathing report we've been given on HIX-IT, would you risk your investment on the good intentions of your project manager or would you require his compliance with the recommendations made by knowledgeable experts you hired to oversee your $59 million investment?

 My email below was not advocating the termination of the HIX-IT project. It was to point out the need for HIX-IT leadership to stop treating the QA and LFO as opponents and comply with their recommendations. Rocky King is extremely knowledgeable about health insurance matters, BUT he is not experienced in overseeing a hundred million dollar start-up company, utilizing untried computer software and doing it without a detailed business plan.

It is clear to me, Rocky needs to hire a few key, experienced project managers whose job will be the completion of the foundational documents, schedules, etc. that have repeatedly been requested by both the QA and Mr. Cummings in LFO. As is true with any construction project, continuing to build without detailed plans and without a solid foundation should not be tolerated, especially when millions of dollars are at stake. [If you are interested, I have a list of specific steps that Rocky should consider taking to shore up the HIX-IT project and comply with the QA and LFO "best practices" recommendations.]

In other words, if you were the investor and I your legal counsel, I would be advising you that the QA report makes it abundantly clear, the HIX-IT project is on a path toward failure and disgrace. The best option for avoiding the financial catastrophe warned of in the QA's August 2012 report is for Rocky King to immediately comply with the QA and LFO requests for fundamental project planning documents and other oversight requirements.

Since HIX-IT leadership continues to ignore warnings from me, the QA and LFO, the success of this project and responsibility for the $59 million invested in it, rests on your shoulders as Governor and the Executive Branch's C.E.O. We cannot afford another failed State IT project. Too many times in the past, elected leaders merely went along with well-intending bureaucrats who, after millions of taxpayer dollars had been squandered, could only make apologies, cast blame or retire and begin collecting their generous PERS annuity.

Governor, please review the QA table below and, if time allows, the attached August 2012 QA Report on the HIX-IT project. Please require a course correction on the HIX-IT project before it is too late.

Dennis R.

"The assessment of the 19 categories of Quality Standards resulted in a finding of eleven Red (High) Risk Categories, five Yellow (Medium) Risk Categories, one Green (Low) Risk Categories, and two Categories noted as To Be Determined (TBD) – due to current status of the project and thus reserved for future assessments."

	QUALITY STANDARDS CATEGORIES	RED (HIGH) RISK	YELLOW (MEDIUM) RISK	GREEN (LOW) RISK	N/A*	TBD*
1	Business Mission and Goals		X			
2	Decision Drivers	X				
3	Scope	X				
4	Project Management	X				
5	Budget	X				
6	Schedule	X				
7	Project Team	X				
8	Organization Management	X				
9	Business Transition					X
10	Deliverables		X			
11	Information Security	X				
12	Product Content	X				
13	Development Process	X				
14	Development Environment		X			
15	Testing	X				
16	Deployment					X
17	System Financial Controls		X			
18	Maintenance			X		
19	Technology		X			

* N/A= Not Applicable; TBD= To Be Determined

These findings determined the overall health of the HIX-IT Project to be Red (High) Risk."

(*From page 7 of 80. Emphasis added.*)

Michael and Bruce,

Below is both a letter and QA status table on the HIX-IT project that I sent to legislative leaders earlier this week. The same information along with the cover letter below was sent to the Governor last night. Since any action by the Governor will go through the two of you, I thought I would give you a heads up on the concerns I am having.

As you will recall, for several weeks in February 2011, I refused to agree to the acceptance of the $48 million grant offered to Oregon for a Health Insurance Exchange I.T. project. Only after OHA and Rocky King met in the LFO Conference Room and agreed to willingly comply with detailed legislative oversight requirements (via LFO's Bob Cummings) was permission granted to accept the federal grant. Those promises of full oversight compliance conveniently have been forgotten and the HIX-IT project is now in jeopardy of becoming the next State IT Fiasco.

Based on the attached August 16th HIX-IT QA Status Report, I am requesting immediate compliance with the legislative oversight requirements that have repeatedly been ignored or belittled by Rocky King. (The "Red (high) Risk" column in the table below, clearly depicts the basis for my concerns.)

Best,
Dennis R.

From: GOLDBERG Bruce [mailto:bruce.goldberg@state.or.us]
Sent: Saturday, September 22, 2012 11:27 AM
To: JORDAN Michael J * COO; Rep Richardson
Cc: NAUGHTON George M * CFO
Subject: RE: Note from Richardson -- Status of Health Ins. Exchange (HIX-IT) Project--with Attachment

Rep Richardson,
Thanks for fowarding this along.
I have discussed with the Governor's office this morning and we will be pulling together the staff from both the Health Insurance Exchange Corporation and the IT side of things within the Oregon Health Authority this coming week to address. Following that, we schedule some time to with you to share plans for addressing the concerns you outlined.

As I know you are aware, I was in the LFO confernce room the day you refer to and agreed to the legislative oversight you cited. I stand by that commitment and will work to assure that legislative concerns are addressed and not ignored.

bruce

Bruce Goldberg, MD
Director, Oregon Health Authority
500 Summer St., NE
Salem, OR 97301
Phone: 503-945-6956
Fax: 503-947-2341

From: Rep Richardson [mailto:rep.dennisrichardson@state.or.us]
Sent: Monday, September 24, 2012 1:28 PM
To: GOLDBERG Bruce
Cc: NAUGHTON George M * CFO; ROCCO Ken G; JORDAN Michael J * COO; REP Buckley; Bob Cummings; SEN Devlin
Subject: RE: 9-24-12 Note from Richardson -- Oversight of Health Ins. Exchange (HIX-IT) Project

Bruce,

Thank you for taking seriously my concerns over the issues raised in the HIX-IT August QA Report.
A similar situation had developed in the eCourt project in late 2010. Once apprised of the situation, the Chief Justice intervened and full cooperation with LFO oversight resulted. With the eCourt project leaders and LFO working in harmony, the LFO and QA concerns were addressed and the eCourt project has continued with full legislative cooperation.

I'm sure I speak for all three Ways & Means Co-Chairs when I say we have complete confidence in Ken Rocco, Bob Cummings and the other members of the LFO team. Please work closely with Mr. Cummings in resolving the HIX-IT oversight issues and QA concerns. By copy of this email, I am reiterating that Mr. Cummings is our representative and will keep us informed of the progress being made.

Best,
Dennis

From: GOLDBERG Bruce [mailto:bruce.goldberg@state.or.us]
Sent: Monday, September 24, 2012 1:31 PM
To: GOLDBERG Bruce; Rep Richardson
Cc: NAUGHTON George M * CFO; Rocco Ken G; JORDAN Michael J * COO; BONETTO Mike * GOV; Rep Buckley; Bob Cummings; Sen Devlin
Subject: RE: 9-24-12 Note from Richardson -- Oversight of Health Ins. Exchange (HIX-IT) Project

FYI
I telephoned Bob Cummings this morning and discussed this very issue.
He outlined some of the foundational documents he would like to see, he will get me some additional info by email, and I will follow up on this end.
bruce

Bruce Goldberg, MD
Director, Oregon Health Authority
500 Summer St., NE
Salem, OR 97301
Phone: 503-945-6956
Fax: 503-947-2341

From: Rocco Ken G
Sent: Monday, September 24, 2012 2:43 PM
To: Ames Linda L; Cummings Bob; Byerly Laurie; Hill Daron M
Subject: FW: 9-24-12 Note from Richardson -- Oversight of Health Ins. Exchange (HIX-IT)
Project

Do we need to discuss this one just to make sure that we all know what foundational documents
we are talking about or do we all already know what we are talking about?

I think that would be helpful. I will be in meetings all day, but will be back after staff
meeting. Bob – shall we get together after staff and be sure we're on the same wavelength?
Thanks,
Linda

Linda Ames
Legislative Fiscal Office
503-986-1816

Yes, though the foundational docs are the same ones we've been talking about from day one. They keep working on them, but they're a long ways from all being finalized and integrated. Even Rocky admitted to Senator Bates, Rep Freeman, and Rep Hoyle that they won't have a solid workplan/schedule until early next year (he said January-I think that's optimistic). Both the QA report and my analysis to the JCLAIMT clearly show that there foundational planning/design/PM work is very poor.

Even if all of the foundational work (planning, design, PM, etc.) was in place, there are additional sufficient problem areas and risks, that left unaddressed can easily lead to either a failed project, a deeply flawed exchange, or at least a significantly delayed exchange. There are significant leadership issues on the corp side, that left unaddressed will ultimately come back to bite the whole effort.

Bruce has asked for an updated list of foundational work, but my conversations with him clearly show that he understands many of the other concerns/risks that HIX faces. Without all the key issues identified by the QA and the LFO being addressed, there still is a high likelihood of less than results. You can't just fix pieces of the project. It is broken in many places, not just the foundational docs.

That said, I will once again provide Bruce with a list of the key foundational planning and project management documents that must be in place to allow the project to proceed with some discipline and provide at least some minimum ability for us to provide independent oversight and tracking.

Bob C.