Policy Alternative Assessment Preliminary Report

February 10, 2014

Table of Contents

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Background

- Oregon selected Oracle Corporation to design, develop and implement its SBM
- In July 2012, Governor sent letter of intent to establish a State Based Marketplace (SBM)
- In July 2012, Oregon decided to cancel the System Integrator (SI) RFP for the SBM and Modernization projects. Oregon decides to be their own SI
- In December 2012, CoverOregon received conditional approval to operate its SBM
- On October 1, 2013, CoverOregon opened for business without a fully functioning website; Information pages are available but Oregonians must apply via paper applications
- Today, the website has been made available to Customer Service Representatives with a planned release to Community Partners later in the week. An assessment of public readiness will be made over the next several weeks

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Assessment

Purpose

- CoverOregon is evaluating alternatives to consider relative to their future SBM

- Deloitte was hired to conduct an analysis on the alternatives and provide options

Objectives

- Provide an assessment of the multiple alternatives available to CO to meet their requirements and the healthcare purchasing needs

- Using qualitative and quantitative (where applicable) analysis, evaluate alternatives against set criteria

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Options Overview

"Stay the Course" – Assess the alternatives if CO keeps the current technology and/or vendor. For this option, two alternatives were considered: Keep the current vendor Keep the current technology	**"New Role for CO "**– Assess other methods that CO could use to facilitate enrollment. For this option, three alternatives were considered: Regional Exchange Software as a Service (SaaS) Direct to Carrier
"New Solution for CO" – Assess replacement solution alternatives for SBM. For this option, two alternatives were considered: Transfer SBM Use Exeter solution	**"Transition to the Federally Facilitated Marketplace (FFM)"** – Assess options for transitioning to the FFM. For this option, three alternatives were considered: FFM for Individual and SHOP FFM Partnership Model FFM Hybrid Model

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Evaluation Approach

Each alternative includes relevant background information, assumptions and the methodology and rationale for conducting the analysis. Three primary criteria were used to evaluate the alternatives and options:

Timeline – What is the estimated time to implement the alternative from go-forward date to a working solution launch date (specifically with the 2014 open enrollment date in mind)?

Cost – What is the estimated go-forward implementation cost of the alternative?

Technical Feasibility/Cost – What is the technical difficulty/risks of the alternative?

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Summary of Analysis

See attached placemat.

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Options Analysis Summaries

1.1: Stay the Course, Keep the Technology: Summary of Analysis

The Stay the Course - Keep the Technology approach allows Cover Oregon to continue use of the current technology (with significant remediation and enhancement), but would replace Oracle as vendor of production support and enhancement services. Analysis indicates that this solution will have medium technical risk and would take until November 2015 to implement at a cost of $22M in 2014 plus 150K hours in 2015. In addition, Oracle would need to participate in transition, enhancement, remediation, and production support through June 2014, which could add up to 100K additional hours.

Time Estimate

21 months

- In order to have an adequate window to complete Vendor Transition and Release 2 Implementation before the next open enrollment period, transition activities should start immediately
- Detailed Vendor Transition Assessment and SOW: 6 weeks (2/24/2014 – 4/4/2014)
- Vendor Transition: 12 weeks (4/7/2014 – 6/27/2014)
- Release 2 Implementation: 40 weeks (2/10/2014 – 11/14/2014)
  - Design: 8 weeks
  - Build: 16 weeks
  - Test: 8 weeks
  - UAT: 6 weeks
  - Deployment/Contingency: 2 weeks
- Release 3 Implementation: 52 weeks (11/17/2014 – 11/13/2015)
- It may be possible to break Releases 2 and 3 into multiple sub-releases

Technical Feasibility

Medium Risk

- The current solution is highly complex (consisting of several packaged application technologies that have been extensively customized)
- Several enhancements are pending:
  - Change Reporting, Renewals, SHOP
  - Usability and Data Quality (e.g., User Acct. Mgmt Dashboard, Dental Shopping, Carrier Portal/Interfaces, Sales Force Automation)
- It appears that additional project management and testing rigor will be required to stabilize the solution
- The backlog contains estimated 1,500 open functional/performance defects
- Additional remediation appears necessary to address architecture, design, code quality, data, deployment, and training issues
- Compliance with CMS regulations, HIPAA, and PII is difficult to confirm (e.g., due to data quality issues)

Cost Estimate

$22 Million in 2014 *

- Implementation costs: $22M for 195K hours in 2014 (additional 150K hours required in 2015)
  - Enhancing the solution: 220K hours
    - Incl. 50K hours to remediate existing architecture, design, code quality, data, deployment, and training issues (primarily to improve long-term supportability/upgradeability/scalability)
  - Performing more thorough testing: 80K hours
  - Planning and executing the transition to a new vendor: 40K hours
- Maintenance costs: $3.5M for 30K hours in 2014
  - Production support in 2015: 70K hours
  - Above 2014 and 2015 efforts include 40K hours to resolve an assumed 2,000 existing functional/performance defects (1,500 already logged and 500 expected to be identified in the future)
  - Not included are:
    - Help desk (level 1) support
    - Infrastructure and product support (Hosting/License budgets not changing)

* The effort/cost figures above are for the **new vendor only** and assume that Oracle will also participate in transition, enhancement, remediation, and production support through June 2014, which could add up to another 100K additional hours.

Copyright © 2013 Deloitte Development LLC. All rights reserved.

1.2: Stay the Course, Keep the Vendor: Summary of Analysis

The Stay the Course - Keep the Vendor approach allows Cover Oregon to continue use of the current technology (with significant remediation and enhancement) and would keep Oracle as vendor of production support and enhancement services. Analysis indicates that this solution will have medium technical risk and would take until November 2015 to implement at a cost of $45M in 2014 plus 150K hours in 2015.

Time Estimate

21 months

- Release 2 Implementation: 40 weeks (2/10/2014 – 11/14/2014)
  - Design: 8 weeks
  - Build: 16 weeks
  - Test: 8 weeks
  - UAT: 6 weeks
  - Deployment/Contingency: 2 weeks
- Release 3 Implementation: 52 weeks (11/17/2014 – 11/13/2015)
- It may be possible to break Releases 2 and 3 into multiple sub-releases

Technical Feasibility

Medium Risk

- The current solution is highly complex (consisting of several packaged application technologies that have been extensively customized)
- Several enhancements are pending:
  - Change Reporting, Renewals, SHOP
  - Usability and Data Quality (e.g., User Acct. Mgmt Dashboard, Dental Shopping, Carrier Portal/Interfaces, Sales Force Automation)
- It appears that additional project management and testing rigor will be required to stabilize the solution
- The backlog contains estimated 1,500 open functional/performance defects
- Additional remediation appears necessary to address architecture, design, code quality, data, deployment, and training issues
- Compliance with CMS regulations, HIPAA, and PII is difficult to confirm (e.g., due to data quality issues)

Cost Estimate

$45 Million in 2014

- Implementation costs: $45M for 215K hours in 2014 (additional 150K hours required in 2015)
  - Enhancing the solution: 285K hours
    - Incl. 50K hours to remediate existing architecture, design, code quality, data, deployment, and training issues (primarily to improve long-term supportability/upgradeability/scalability)
  - Performing more thorough testing: 80K hours
- Maintenance costs: $12M for 60K hours in 2014
  - Production support in 2015: 70K hours
  - Above 2014 and 2015 efforts include 40K hours to resolve an assumed 2,000 existing functional/performance defects (1,500 already logged and 500 expected to be identified in the future)
  - Not included are:
    - Help desk (level 1) support
    - Infrastructure and product support (Hosting/License budgets not changing)

Copyright © 2013 Deloitte Development LLC. All rights reserved.

2.1: State Based Marketplace (SBM) Transfer Solution: Summary of Analysis

The transfer solution allows CO to import a functioning State Based Marketplace (SBM) from one of the 17 states that were granted approval by CMS to build and operate an SBM. As of October 1st, 2013, five SBMs[1,2] are demonstrating recognized success in performing required end-to-end functions for shopping and comparison, eligibility, and enrollment into health plans. Using a functioning SBM as a sample, analysis indicates that a transfer solution will have moderate technical risk and is estimated to take 7 – 9 months and $17 – 20M to implement.

Time Estimate

7 – 9 months

- The software development lifecycle (SDLC) time estimates for a transfer solution is estimated as follows:
  - Requirements: 3-6 weeks
  - Design: 8-12 weeks
  - Configuration / Development / Unit Testing: 10-14 weeks
  - Systems Integration Testing: 14-18 weeks
  - User Acceptance Testing: 16-20 weeks
  - Deployment: 37 weeks (distributed with multiple releases)
- To achieve this timeline it is assumed the transfer solution will meet CO's needs with minimal customizations

Technical Feasibility

Medium Risk

- The sample SBM uses Java-based technology which is compatible with CO's infrastructure
- Sample SBM's phased implementation approach allows for incremental development with scope management to lower the technical risk
- Use of Service-Oriented Architecture (SOA) promotes the ease of collaboration and integration with CO's existing SOA environment
- Solution's open architecture makes integration with other systems lower risk
- Current standard CMS reports have been developed; custom reporting capabilities exist
- The transfer solution is compliant with CMS regulations, HIPAA and PII
- A system transfer of a SBM has not been completed for a new SBM

Cost Estimate

$17 – 20 Million

- Go-forward implementation costs will range from $17M to $20M, based on the assumed areas of customization
- The cost of hardware and software licenses and warranty costs needed to support the SBM transfer solution are not included in this cost estimate
- Maintenance costs are not included in this estimate. Maintenance cost is a function of scope and enhancements required to support CO.
- A change to the transfer solution's security architecture is not included in this estimate.

[1] http://www.pewstates.org/projects/stateline/headlines/why-some-state-run-health-exchanges-worked-85899525479
[2] http://www.usatoday.com/story/news/nation/2013/12/10/stateline-health-exchange-aca/3951043/

Copyright © 2013 Deloitte Development LLC. All rights reserved.

2.2: Exeter Solution: Summary of Analysis

Based on the available information for this alternative, we could not complete a detailed analysis for timeline, cost, and technical feasibility. Our assessment concludes that implementation time, technical feasibility , costs, and risk associated with this solution is unknown and could not be determined given the dearth of information available.

Time Estimate	Technical Feasibility	Cost Estimate
Unknown	**Unknown**	**Unknown**
• Exeter submitted a proposal to CO indicating a two-week implementation timeline; however there is no evidence of an Exeter product that has been implemented to operationalize an end-to-end SBM • Exeter's OneGate product was a component of the Hawaii and Vermont SBMs, both technology implementation timelines were ~10 months. However, both states have had difficulties with their Exchange implementation • Based upon the limited information, a time estimate could not be developed for this alternative	• Choosing a solution that has not been successfully installed to meet end-to-end requirements represents a high technical risk • Based on publically available information, Exeter's solution has not been tested in an end-to-end solution presents a high risk for time-consuming implemention defects that will need to be identified and fixed during the testing phase • Exeter indicated its OneGate product is built on an Oracle technology stack and ties Oracle products together into a working Exchange.* Replacing one Oracle-based solution with another is not likely to address the existing CO Oracle-based risk factors and technology issues • It is unclear how the Exeter plan will address existing enrollments nor how the scope of the OneGate solution maps to the capabilities required by a SBM	• Without more information regarding the Exeter scope and solution proposed to CO, we have no information to estimate that an Exeter solution cost would be any less than the SBM transfer solution cost

*Oracle Healthcare Reform Solutions: Modular, Managed, and MAGI Webcast

Copyright © 2013 Deloitte Development LLC. All rights reserved.

3.1: Regional Exchange: Summary of Analysis

Section 1311(f)(1) of the Affordable Care Act provides the option for States to establish Regional Exchanges that operate in more than one State if this operation is permitted by each State and if the Regional Exchange is approved by the Secretary of Health and Human Services. Analysis indicates that a regional Exchange solution is highly unlikely to be a viable option for 2014 open enrollment due to the regulatory requirements involved before the implementation starts. Currently, there is no proven solution of regional Exchange in the marketplace.

Time Estimate	Technical Feasibility	Cost Estimate
7 – 12 months	**Medium Risk**	**$17 – 20 Million**
• The length of time required for this option is driven primarily by CO's ability to obtain the approvals associated with joining a regional Exchange. The critical path will be obtaining legislative authority (1 month) before the requirement phase begins. • The software development lifecycle for a regional HIX solution implementation is estimated to be 9-11 months: – Requirement: 6-10 weeks – Design: 12-16 weeks – Configuration / Development / Unit Testing: 14-18 weeks – System Integration Testing: 18-22 weeks – User Acceptance Testing: 16-20 weeks	• There is currently no proven regional Exchange in the marketplace, hence no shared architecture design is available for reference. • CoverOregon would need to accept the technical infrastructure of the regional Exchange • Scability of the regional Exchange needs to be validated through performance and stress testing to ensure the system can allow both states' customer base. • Governance and manageability can be an issue when critical issues arise. • Tight controls will be inforced to support adherance to a common model/functionality by all participants in the regional Exchange	• Go-forward implementation costs will range from $17M to $20M, based on the assumed areas of re-design or customization. • The cost of hardware and software licenses and warranty costs needed to support the regional Exchange solution are not included in this cost estimate • Maintenance costs are not included in this estimate. Maintenance cost is a function of scope and enhancements required to support CO.

[1] http://www.pewstates.org/projects/stateline/headlines/why-some-state-run-health-exchanges-worked-85899525479
[2] http://www.usatoday.com/story/news/nation/2013/12/10/stateline-health-exchange-aca/3951043/

Copyright © 2013 Deloitte Development LLC. All rights reserved.

3.2 a: Software as a Service for Individual and SHOP: Summary of Analysis

CO has the option to contract out the entire Exchange function to a software-as-a-service (SaaS) vendor. Contracting out the entire Exchange function carries a high risk since there is currently no proven successful implementation for a State Exchange.

Time Estimate	Technical Feasibility	Cost Estimate
Unknown	**High Risk**	**~$40M**
• There is currently no proven successful implementation of both the individual and SHOP Exchanges using a SaaS vendor as the primary contractor. GetInsured is expected to implement New Mexico's Exchange using SaaS for plan year 2015 with a planned implementation timeline of seventeen months	• Since there is currently no proven successful implementation of this model, this solution presents a high technical risk for CO • Implementing SaaS for both the individual and SHOP Exchanges can cause technical difficulties in the future when integrating with other systems (e.g., State Eligibility System)	• GetInsured is expected to implement New Mexico's Exchange using SaaS for plan year 2015 at a cost of $40M. This is currently the only known contract for a SaaS vendor as the primary contractor for both the Individual and SHOP Exchanges

1

Copyright © 2013 Deloitte Development LLC. All rights reserved.

3.2 b: Software as a Service for SHOP Only: Summary of Analysis

CO has the option to contract out the SHOP functionality to a SaaS vendor. Analysis shows that while contracting out SHOP is not a standalone solution, it likely can be implemented with low technical risk in approximately five to six months, for a minimum cost of $18M ($3.6M implementation cost and monthly charges over three years) .

Time Estimate	Technical Feasibility	Cost Estimate
5-6 Months	**Low Risk**	**Minimum of $18M**

• Based on the case study for Access Health CT (Connecticut's Exchange) SHOP, implementing SHOP Exchange using a SaaS vendor is expected to take approximately five to six months[2]	• Implementing SaaS for the SHOP Exchange functionality presents low technical risk because the software is hosted by the vendor
	• SaaS for the SHOP functionality aligns with CO's strategy for an employee-choice SHOP model
	• The current Access Health CT's SaaS vendor (bswift) has a solution that is already been configured to meet CMS requirements, including dashboards for affordability tests. The solution is also ACA and HIPAA compliant
		• The cost for SaaS SHOP functionality is a minimum of $18M, based on the case study of Access Health CT's SHOP functionality[1]
		• This cost is calculated by adding the one-time implementation fee of $3.6M to the monthly charges for three years, as follows:
		  ○ Year 1 = $460,000 per month
		  ○ Year 2 = $380,000 per month or PMPM rates (whichever is greater)
		  ○ Year 3 = $350,000 per month or PMPM rates (whichever is greater)
		• PMPM rates
		  ○ <20,000 users, $28.80 / month
		  ○ >20,000 users, $23.25 / month
		• The cost for the SaaS SHOP solution will be ~$18M if there are fewer than 13,195 users in Year 2, and fewer than 12,153 users in Year 3. If the number of users is greater than these amounts, the cost will increase in proportion to the increase in number of users

[1] http://www.ct.gov/hix/lib/hix/HealthPass_Contract.pdf
[2] http://www.bswift.com/?/public/pressrelease/access-health-ct-selects-healthpass-bswift-solution-to-provide-small-busine
[3] http://www.bswift.com/?/public/software-and-services-software#comply

Copyright © 2013 Deloitte Development LLC. All rights reserved.

3.3 a: Direct-to-Carrier Enrollment Capability: Summary of Analysis

The direct-to-carrier (DTC) model allows CO to provide an additional enrollment channel through insurance carriers; however, DTC does not reduce the need for closing existing functionality gaps in the CO existing solution. This capability provides CO a potential reduction in certain enrollment transactions and reduction in transaction time. In short, the DTC capability is not a replacement of full Exchange functionality, as it still requires CO to build and maintain functionality for end to end Exchange operations.

Time Estimate	Technical Feasibility	Cost Estimate
8 – 10 months	**Medium Risk**	**$2-3 Million**
• The timeline estimate for implementing the DTC capability is based on the Kentucky Exchange, as they are currently the allowing direct enrollment through carriers • Using the DTC capability, the carrier can facilitate eligibility determination for Medicaid and subsidies by navigating the applicant from the carrier's website to and from the CO website; security and testing needs to successfully install this capability is a strong driver for the time needed to implement • CO's timeline is dependent on the carriers' timeline for meeting the CMS authorization requirements (authorization to become an entity allowed to perform enrollment and installing the technology	• Although there is an expectation that the federal DTC capability will be functioning soon*, it is not yet working successfully. The difficulties with their implementation of DTC might indicate a greater degree of risk for CO to implement. • The security concerns for the DTC capability requires additional security technology. The additional security has been a challenge to meeting high volume transaction processing needs. • This requires a change to each of the carrier sites to support real-time integration with the SBM • Based on the mixed success in successful implementation, this capability was determined to be medium risk	• The CO cost of implementing a DTC technology capability is estimated based on Kentucky DTC implementation costs. • There are 11 carriers offering health coverage through CO and three carriers offering coverage through the Kentucky SBM – only one carrier is offering DTC in KY. If there are more CO carriers choosing to participate in direct enrollment, it is anticipated that the testing cost for CO will be greater. • The cost of this capability will be in addition to the cost for other Exchange functionality through whatever solution is selected (e.g., transfer SBM, SaaS, etc).

- * Brett Norman. Politico Pro. 1/24/14. Direct sign-up for Obamacare subsidy enrollees still bumpy.
- http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/ENR_OperationsPolicyandGuidance_5CR_100313.pdf

Copyright © 2013 Deloitte Development LLC. All rights reserved.

3.3 b: Direct-to-Carrier Enrollment – Exchange-Lite Solution: Summary of Analysis

The direct-to-carrier (DTC) "Exchange-lite" solution allows CO to utilize carriers for all application, plan selection, enrollment and consumer service activities. This solution would eliminate the need for a CO website and call center, allowing carriers to call a web service for eligibility determination and allow CO to streamline the solution with the Modernization project. Overcoming regulatory barriers would be a key consideration as this model does not currently exist. The solution timeline would be similar to the SaaS option but carry a high technical risk. The cost for this alternative is unknown given the number of variables.

Time Estimate	Technical Feasibility	Cost Estimate
8 – 10 months	**High Risk**	**Unknown**
• The DTC "Exchange-lite" model is not currently operational nor is it authorized by CMS (e.g, does not allow for comparing plans across carriers). Therefore, holding discussions with CMS and getting their approval for this alternative will be a critical path activity • CMS would also need to authorize carriers to use the navigator tools that support consumer assistance • This solution timeline is heavily dependent of carriers' timeline for meeting anticipated CMS authorization requirements and installing the technology is a key timeline dependency • The security and testing needs to successfully install this capability is a strong driver for the time needed to implement • The timeline for the technology selected may impact the timeline	• The web service to connect carriers with either CO's or Oregon's State Medicaid eligibility and subsidy determination modules does not currently exist and would need to be developed and tested, including significant system integration and user testing • The solution would be heavily dependent on carriers successful implementation of the web service and their updates to their enrollment solutions to capture the information required for an eligibility determination • Oregon's Medicaid eligibility technology could be adapted for use with this alternative which presents a risk for new development. • There is not an existing SaaS solution for the technology needed. • Assurances of appropriate stress testing of the carrier's capabilities working with the web service would be important to assure they can handle the anticipated peak volumes	• Given the number of variables for this model and no available benchmark, cost could not be derived for this model

Copyright © 2013 Deloitte Development LLC. All rights reserved.

4.1: Full Federally Facilitated Marketplace (FFM) Solution: Summary of Analysis

The FFM solution is for CO to transition to the FFM for both the Individual and SHOP Exchanges. There are currently 27 states using the FFM. Analysis indicates that transitioning to the FFM solution will have low technical risk and is estimated to take 5-8 months and $4-6 million to implement. The largest challenges are closing down CO operations and enabling the technical connectivity with the federal Exchange.

Time Estimate	Technical Feasibility	Cost Estimate
5-8 months	**Low Risk**	**$ 4-6 Million**
• Obtaining the necessary state and federal approvals is estimated to take 7-9 weeks • The software development lifecycle (SDLC) for using the FFM solution implementation is estimated as follows: – Requirement: 3-5 weeks – Design: 4-6 weeks – Configuration / Development / Unit Testing: 7-9 weeks – Testing: 3-5 weeks – Deployment: X-X • The amount of time is primarily driven by work required for the file transfers with the FFM	• The file transfer requirements and specifications from CMS' perspective are already defined • Utilizing the FFM presents a low risk for CO's technical infrastructure	• Go-forward implementation costs will range from $4 million to $6 million, based on the assumed effort for CoverOregon close out operations, file transfer design, development, and implementation of file transfer as well as minor updates to the existing CO website to re-direct or provide a link for consumers to healthcare.gov

http://kff.org/health-reform/state-indicator/health-insurance-exchanges/

Copyright © 2013 Deloitte Development LLC. All rights reserved.

4.2: FFM Functional Partnership Solution: Summary of Analysis

The FFM Partnership solution allows CO to continue to manage the plan management and consumer assistance activities – both operationally and technically. Our analysis indicates that the FFM Partnership solution will have the same technical risk, cost and timeline as the full FFM alternative. The largest challenges are closing down a large portion of CO operations and enabling the technical connectivity with the federal Exchange.

Time Estimate	Technical Feasibility	Cost Estimate
5 - 8 months	**Low Risk**	**$ 4-6 Million**
• The timeline for the FFM Partnership alternative is the same as for the full FFM alternative because the amount the same work is required of CO for either model	• The technical feasibility and risk for the FFM Partnership alternative is the same as for the full FFM alternative because, as with the Full FFM alternative, the file transfer requirements and specifications from CMS' perspective are already defined.	• Based on the assumed effort for CO close out operations ,file transfer design, development, and implementation of file transfer as well as minor updates to the existing CO website, the costs associated with the FFM Partnership alternative is the same as for the full FFM alternative

*

Copyright © 2013 Deloitte Development LLC. All rights reserved.

4.3: FFM Hybrid Solution: Summary of Analysis

The FFM hybrid solution allows CO to operate the SHOP while using the FFM for individual market functions. Our analysis indicates that an FFM hybrid solution will have low technical risk and is estimated to take 5-8 months and $18-19 million to implement. The largest challenges are closing down a large portion of CO operations and enabling the technical connectivity with the federal exchange.

Time Estimate	Technical Feasibility	Cost Estimate
5 - 8 months	**Low Risk**	**$22-25 Million**
• The timeline for implementing the individual market component of the FFM Hybrid alternative is the same as for the full and partnership FFM alternatives—5-8 months • The timeline for implementing the SHOP component of the FFM hybrid alternative is the same as implementing SHOP using a SaaS vendor--approximately 5-6 months; however, the SHOP implementation timeline could vary depending on the SaaS vendor selected. [2]	• The technical feasibility and risk for the individual market component of the FFM hybrid alternative is the same as for the full and partnership FFM alternatives • The technical feasibility and risk for the SHOP component of the FFM hybrid alternative is the same as SaaS for only the SHOP • Implementing SaaS for only the SHOP functionality presents low technical risk because the software is hosted by the vendor	• Go-forward implementation costs for the individual market component of the FFM hybrid alternative is the same as for the full and partnership FFM alternatives; they will range from $4-6 million • There are maintenance costs for this effort • The cost SHOP component of the FFM hybrid alternative is the same as the cost for using SaaS for only the SHOP functionality –a minumum of $18M for up to 13,195 users in Year 2, and fewer than 12,153 users in Year 3. If the number of users is greater than these amounts, the cost will increase in proportion to the increase in number of users

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Appendix

Detailed Analysis

Option 1 | Alternative 1

Detailed Analysis on Stay the Course – Keep the Technology

Keep the Technology Solution for Cover Oregon

Background & Description

- Cover Oregon has implemented a solution consisting of several packaged application technologies that have been extensively customized
- The current solution is behind schedule in meeting requirements and is not yet considered stable
- Option 1 – Alternative 1 would continue to use the current technology (with significant remediation and enhancement), but would replace Oracle as vendor of production support and enhancement services

Methodology & Rationale

- To assess the long-term fit of this option for Cover Oregon, three criteria were used: time, technical feasibility, and cost
- The preliminarly assessment and estimates presented here were based on a 2-week high-level review of the existing solution and its known issues
- Primary inputs were interviews with Cover Oregon and Oracle representatives, since limited documentation exists
- Estimates were primarily based on Deloitte's experience with other complex solutions using Oracle technologies

Key Assumptions

- Release 1.1 is in production and Release 2 design is started no later than mid-February
- Cover Oregon is able to decide quickly enough on a new vendor to start transition activities by late February
- Oracle is able to support an aggressive transition timeline (transition to be completed by late June)
- The new vendor will be able to take over several key resources currently managed by Oracle
- Oracle will participate in transition, production support, remediation, and enhancements through June 2014
- The pending enhancements, remediation, and defect fixes will be spread out over 2014 and 2015

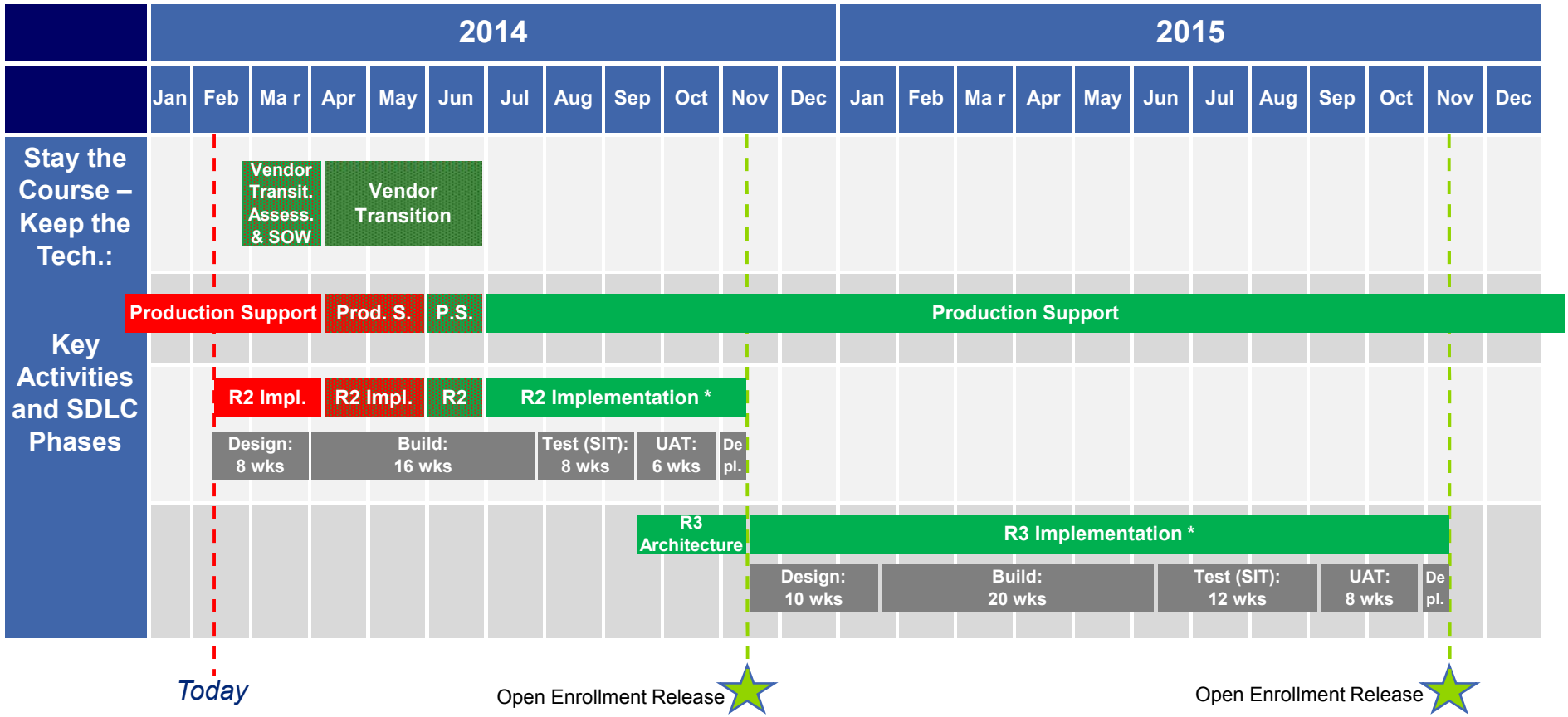
Copyright © 2013 Deloitte Development LLC. All rights reserved.

Illustrative Timeline for Stay the Course – Keep the Technology Solution

Key Activity	Estimated Timing	Rationale for Estimates
Vendor Transition Assessment and SOW	2/24/2014 – 4/4/2014 (6 Weeks)	This effort results in two key deliverables that are critical for the transition: • Vendor Transition Assessment: Detailed analysis, estimation, and planning for the efforts required to take over, support, remediate, and enhance the solution • Statement of Work (SOW): Contract for the vendor transition
Vendor Transition	4/7/2014 – 6/27/2014 (12 Weeks)	Oracle will transfer their solution knowledge to the new vendor (e.g., via workshops). For the first 6-8 weeks, the new vendor would also "shadow" Oracle resources. Then, in the remaining 4-6 weeks, Oracle resources would support the new vendor (e.g., providing answers/input/advice)
Production Support	Ongoing	Includes application management, operations, and support (e.g., monitoring, maintenance, defect fixes, regression testing, deployments, documentation, ticket management, performance/status reporting). Excludes help desk (tier 1), product issues/maintenance (tier 4), infrastructure/hosting, and enhancement/remediation projects
Release 2 Implementation	2/10/2014 – 11/14/2014 (40 Weeks)	Enhancements, remediations, and defects will be prioritized to fit into the window between the R1.1 completion and the start of the next open enrollment period. This would allow for the following SDLC phases: • 8 weeks: Design • 16 weeks: Build • 8 weeks: System/Integration Test (SIT) • 6 weeks: UAT • 2 weeks: Deployment/Contingency If practical, R2 may be broken into multiple sub-releases.
Release 3 Architecture	9/22/2014 – 11/14/2014 (8 Weeks)	In order to make best use of the available window for the R3 Implementation, high-level design for R3 will start as soon as R2 SIT is complete and key resources can be refocused
Release 3 Implementation	11/17/2014 – 11/13/2015 (52 Weeks)	This release will address key enhancements, remediations, and defects that could not be included in the R2 window. It will start as soon as R2 is complete and will end before the next open enrollment period starts one year later. If practical, R3 may be broken into multiple sub-releases.

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Illustrative Timeline for Stay the Course – Keep the Technology Solution



Legend

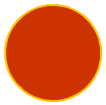
- Oracle
- Led by Oracle, supported by New Vendor
- Led by New Vendor, supported by Oracle
- New Vendor
- System Development Lifecycle (SDLC) Phase

* If practical, Releases 2 and 3 may be broken into multiple sub-releases (e.g., Anonymous Browsing, Plan Management)

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Technical Feasibility/Risk Summary Analysis

There have been 5 criteria defined as appropriate for the Cover Oregon technical feasibility evaluation: Business objective alignment, development and testing objectives, enterprise architecture objectives, deployment and operational objectives, and security and compliance objectives.

Category	Description	Feasibility*	Rationale
Business Objectives Alignment	A measure of solution's system alignment with key business requirements, market position, stability and market reputation.		The current solution is behind schedule in meeting requirements and is not yet considered stable. Pending enhancements, defect fixes, and remediations are estimated to take well into 2015
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution.		The solution is highly complex (consisting of several packaged application technologies that have been extensively customized). This impacts ease of implementation for new features, as well as maintainability and manageability
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities.		The solution leverages robust packaged application technologies that offer configurable pre-built capabilities likely to be useful for future extensibility (e.g., sales force automation and analytics). This offers a positive fit long-term, if the current issues/risks are addressed
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities.		The solution complexity and documentation limitations make deployments and support difficult. However, a positive overall fit can be achieved, if the current issues/risks are addressed
Security & Compliance Objectives	A measure of solution's compliance with Oregon and CMS mandated regulations		This proven technology stack has been successfully implemented in many highly regulated environments

***** This scoring reflects the "end-state" once the targeted enhancements and remediations have been implemented, as opposed to the current state

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Technical Feasibility/Risk Detail Analysis

Category	Description	Criteria	Keep the Technology*
Business Objectives	A measure of solution's system alignment with key business requirements, market position, stability and market reputation.	Satisfy business and functional requirement	
		Time to Market	
		Risks	
		Strategic Fit	
		Customer Base (Users)	
		Cover Oregon Prior Experience	
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution.	Ease of implementation	
		Out of box capabilities	
		Customizable and configurable	
		Maintainability and Manageability	
		Ease of Conversion	
		Security and Access Management	
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities.	Performance and Quality	
		Scalability	
		Aligned with Cover Oregon Strategy	
		Collaboration/Integration capabilities with other Cover Oregon systems (Ex: SOA)	
		Extensibility	
		Technical Risks	
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities.	System management support (SNMP, TIVOLI,..)	
		Operational procedures	
		Deployment process and procedures	
		Training	
		Disaster recovery plans	
		Documentation	
Security & Compliance Objectives	A measure of solution's compliance with all Oregon and CMS mandated regulations.	Ability to integrate with Cover Oregon's security infrastructure	
		HIPAA & PII compliance	
		Regulatory compliance	

* This scoring reflects the "end-state" once the targeted enhancements and remediations have been implemented, as opposed to the current state

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Enhancement/Remediation Effort Analysis

This table summarizes the estimated level of enhancement/remediation effort for the solution to meet Cover Oregon's requirements. Included remediation (50K hours) would address existing architecture, design, code quality, data, deployment, and training issues (primarily to improve long-term supportability/upgradeability/scalability). Sales Force Automation (SFA) is included as a feature, since it appears valuable in helping Cover Oregon become financially self-sufficient. This analysis excludes defect fixes, since they are covered in the production support estimates.

Feature/Area	Level of Effort (Hours)	Key Assumptions / Rationale
SHOP	30K	Small Business Health Options Program (SHOP) capability has been deferred
Financial Management / Premium Payment	10K	Only backend transaction reconciliation no frontend so the scope is limited
State Interfaces	20K	Automated synchronization of enrollment/financial data with carriers and MMIS was previously deprioritized
Rules Engine / Eligibility Determination	40K	OPA solution is currently stable, but complex. Enhancement related to new requirements, such as change reporting and renewals will be effort-intensive.
Plan Management	20K	Current carrier portal is read-only and does not enable carriers to manage data.
Reports	10K	Existing reporting capabilities are limited, and OBIEE cannot be leveraged "vanilla" due to customizations.
Notices	10K	Several types of notices have yet to be implemented.
Shopping Experience / Enrollment	60K	Requires large additions for change reporting and renewals. Dental shopping has usability and data quality issues. User account dashboards require usability improvements. Training materials and delivery has been insufficient to maximize productivity and data quality
Admin Workflow	10K	Enhancement of customized functionality is anticipated to be complex.
Security and Privacy	15K	Identity management solution requires upgrade, since support is scheduled to end in 2015. Customer data quality issues create privacy risks.
Conversion	10K	There are existing data quality issues that may have conversion implications.
Broker / Navigator Portals	20K	Enhancement of custom functionality in WebCenter, e.g., for usability, may be more complex than configuration of Siebel partner portal
Sales Force Automation	30K	Extensive customization of Siebel prevent deployment of "vanilla" capabilities in Siebel and OBIEE.
TOTAL	**285K**	Input to the sizing of the implementation efforts

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Cost Summary Analysis

The table below highlights the estimated costs associated with keeping the technology, but replacing Oracle as vendor of production support and enhancement services. This includes implementation, maintenance, hosting, and license-related costs in calendar year 2014.

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	**Stay the Course – Keep the Technology**	$22M in 2014* (+Oracle thru June +150K Hrs in 2015)	$3.5M in 2014** (+Oracle thru June)	No Change	No Change
1.2	**Stay the Course – Keep the Vendor**	$45M in 2014 (+150K Hrs in 2015)	$12M in 2014**	No Change	No Change
2.1	**Transfer Working SBM**	$17-20M	No	No	No
2.2	**Using Exeter's Technology**	Unknown	Unknown	Unknown	Unknown
3.1	**Enter Into Regional Exchange**	$17-20M	No	No	No
3.2	**Using Software-As-A-Service**	$3.6M	No	$14.4M	No
3.3	**Direct-to-Carrier Enrollment**	$2-3M	<$100K	No	No
4.1	**Transition to Full FFM**	$4-6M	Yes	No	No
4.2	**Partnership with HHS**	$4-6M	Yes	No	No
4.3	**Hybrid with HHS**	$7.6-9.6M	Yes	$14.4M	No

***** Estimated implementation efforts include planning and executing the transition to a new vendor (**40K** hours), as well as enhancing/remediating the solution (**220K** hours) and performing more thorough testing (80K hours). Not included is Oracle's necessary participation in transition, enhancement, remediation, and production support (maintenance) through June 2014, which could amount to as much as **100K** additional hours.

****** Required maintenance efforts include capacity to resolve an assumed **2,000** existing functional/performance defects over the course of 2014 and 2015 (**1,500** already logged and **500** to be identified in the future). Not included in the costs above are efforts in 2015 and beyond. Maintenance costs above also do not include help desk (level 1), infrastructure, and product support (assumed to be covered within Hosting/License budgets and not changing with this option).

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Option 1 | Alternative 2

Detailed Analysis on Stay the Course – Keep the Vendor

Keep the Vendor Solution for Cover Oregon

Background & Description

- Cover Oregon has implemented a solution consisting of several packaged application technologies that have been extensively customized
- The current solution is behind schedule in meeting requirements and is not yet considered stable
- Option 1 – Alternative 2 would continue to use the current technology (with significant remediation and enhancement) and would keep Oracle as vendor of production support and enhancement services

Key Assumptions

- Release 1.1 is in production and Release 2 design is started no later than mid-February
- The pending enhancements, defect fixes, and remediation will be spread out over 2014 and 2015

Methodology & Rationale

- To assess the long-term fit of this option for Cover Oregon, three criteria were used: time, technical feasibility, and cost
- The preliminarly assessment and estimates presented here were based on a 2-week high-level review of the existing solution and its known issues
- Primary inputs were interviews with Cover Oregon and Oracle representatives, since limited documentation exists
- Estimates were primarily based on Deloitte's experience with other complex solutions using Oracle technologies

The time, technical feasibility, and cost assessments of this alternative are similar to those shown above for Option 1 – Alternative 1, except:

- **Transition activities would be eliminated**
- **Rate per hour and travel expenses would be consistent with the current situation (relying primarily on on-site resources)**

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Cost Summary Analysis

The table below highlights the estimated costs associated with keeping the technology and keeping Oracle as vendor of production support and enhancement services. This includes implementation, maintenance, hosting, and license-related costs in calendar year 2014.

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	**Stay the Course – Keep the Technology**	$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	$3.5M in 2014** (+Oracle thru June)	No Change	No Change
1.2	**Stay the Course – Keep the Vendor**	$45M in 2014* (+150K Hrs in 2015)	$12M in 2014**	No Change	No Change
2.1	**Transfer Working SBM**	$17-20M	No	No	No
2.2	**Using Exeter's Technology**	Unknown	Unknown	Unknown	Unknown
3.1	**Enter Into Regional Exchange**	$17-20M	No	No	No
3.2	**Using Software-As-A-Service**	$3.6M	No	$14.4M	No
3.3	**Direct-to-Carrier Enrollment**	$2-3M	<$100K	No	No
4.1	**Transition to Full FFM**	$4-6M	Yes	No	No
4.2	**Partnership with HHS**	$4-6M	Yes	No	No
4.3	**Hybrid with HHS**	$7.6-9.6M	Yes	$14.4M	No

***** Estimated implementation efforts include enhancing/remediating the solution (**285K** hours) and performing more thorough testing (**80K** hours) with the current vendor (primarily using on-site resources).

****** Required maintenance efforts include capacity to resolve an assumed **2,000** existing functional/performance defects over the course of 2014 and 2015 (**1,500** already logged and **500** to be identified in the future). Not included in the costs above are efforts in 2015 and beyond. Maintenance costs above also do not include help desk (level 1), infrastructure, and product support (assumed to be covered within Hosting/License budgets and not changing with this option).

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Option 2 | Alternative 1

Detailed Analysis on SBM Transfer Solution

Illustrative Timeline for SBM Transfer Solution

SDLC Phase	Sample SBM Plan	SBM Transfer Plan (Estimates)	Rationale for SBM Estimates
Requirements	8 weeks	3 - 6 weeks	Requirements phase is shorter than sample SBM because the transfer focus is on confirming & clarification of requirements in most areas
Design	16 weeks	8 - 12 weeks	Design phase is shorter than sample SBM because the transfer focus is on confirming design in most areas and creation of design for only those areas that require customization
Configuration/ Development & Unit Testing	24 weeks	10 - 14 weeks	Development phase is shorter than sample SBM because there is a high degree of re-use from transfer SBM solution
System, Performance, & Integration Testing	25 weeks	14 - 18 weeks	As a result of the shorter Development phase, the SIT phase is also shorter
Conversion Testing	6 weeks	5 - 7 weeks	It is an option for Oregon to convert existing solution data. The testing needs are similar
User Acceptance Testing	20 weeks	16 - 20 weeks	While the UAT testing phase can be reduced, the planned release dates for this year is a timeline factor
Training and Deployment	32 weeks	37 weeks	Deployment begins when the carriers' file their plans (May, 2014) and ends when Open Enrollment ends (1/15/2015)

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Leveraging a Transfer Solution for CO

Background & Description

- A total of 17 states were granted approval by CMS to build and operate state-based marketplaces
- CO may consider importing a state-based solution from one of the 5 states that have successful operations, i.e. California, Connecticut, Kentucky, Rhode Island and Washington[1,2]

Methodology & Rationale

- To assess whether transferring an SBM could be a feasible solution for CO, three criteria were used: time, technical feasibility, and cost
- The level of customization of the transfer solution is the key driver in determining level of effort estimate and cost of transferring a SBM solution
- The sample SBM used for this assessment was selected because it is currently functional, its code is open-source, it includes functionality of both an individual and SHOP Exchange, and is operational

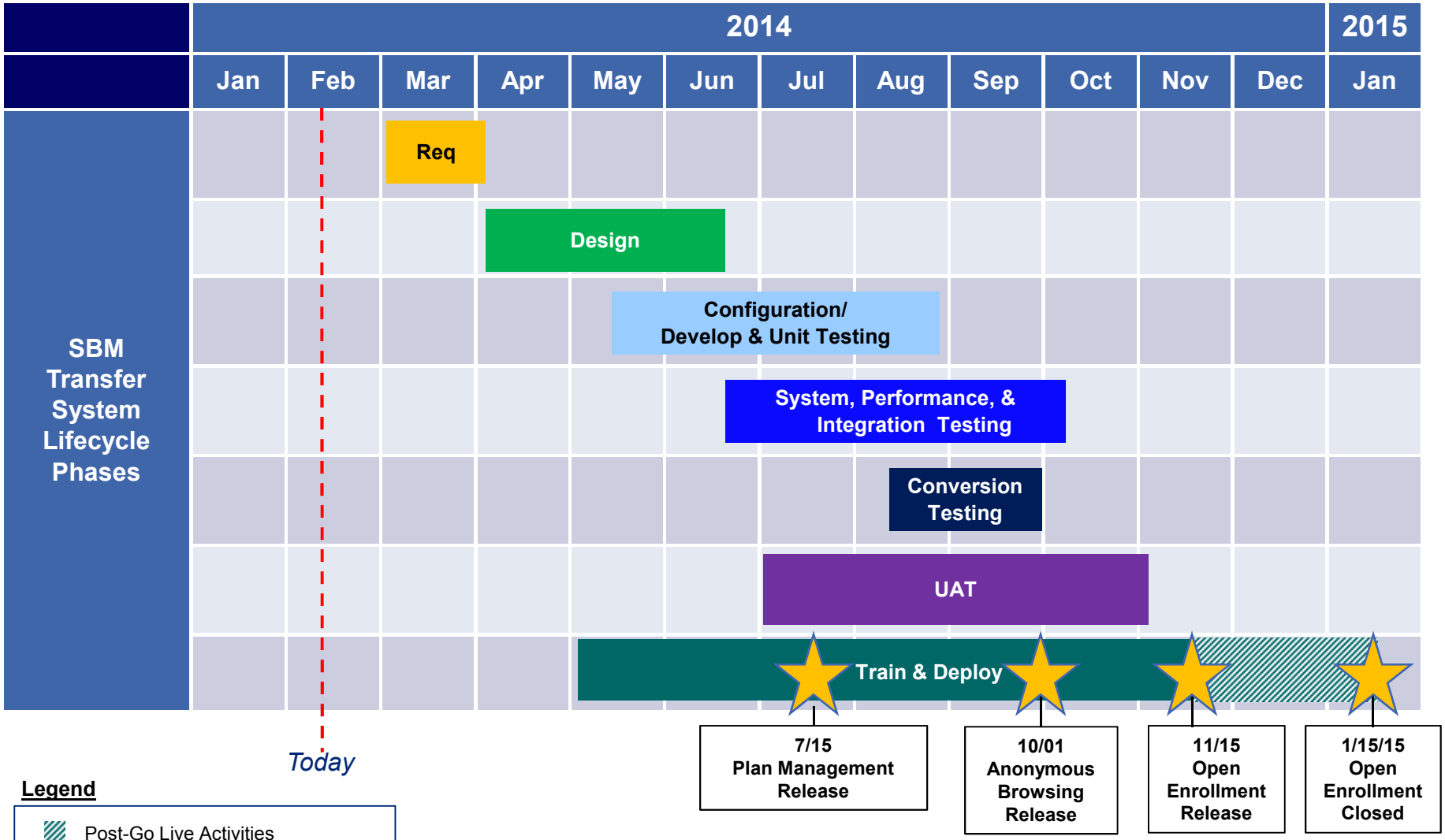
Assumptions

- The timeline and cost for transferring an SBM assumes that CO will accept an already implemented transfer solution and accept the established SBM design and capabilities with a low level of customization (see slide 8)
- This option assumes that CO can obtain the necessary agreements/approvals from the transferring State SBM
- The timeline and cost estimates for transferring an SBM include an optional automated conversion for existing CO customers and applications
- The timeline for transferring an SBM assumes that CO requires the transfer solution be implemented by 11/15/14 (for plan year 2015 open enrollment) and includes deployment activities through the end of the open enrollment period assumed to be 1/15/15
- This option assumes that CO utilizes the Federal Hub as the primary means of verification
- The cost for transferring an SBM assumes that CO will obtain necessary funding
- The cost for transferring an SBM assumes no warranty and infrastructure costs

[1] http://www.pewstates.org/projects/stateline/headlines/why-some-state-run-health-exchanges-worked-85899525479
[2] http://www.usatoday.com/story/news/nation/2013/12/10/stateline-health-exchange-aca/3951043/

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Illustrative Timeline for SBM Transfer Solution



Copyright © 2013 Deloitte Development LLC. All rights reserved.

Technical Feasibility Summary Analysis

5 criteria have been defined as appropriate for the CO technical feasibility evaluation: business objective alignment, development and testing objectives, enterprise architecture objectives, deployment and operational objectives, and security and compliance objectives.

Category	Description	Feasibility	Rationale
Business Objectives Alignment	A measure of solution's system alignment with key business requirements, market position, stability and market reputation		Solution is a good strategic fit, satisfies business and functional requirements
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution.		Solution is customizable and configurable. Selected transfer solution will have been proven as a successful operation.
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities		Solution is scalable, extensible, aligns with CO's architecture strategy, and presents a low technical risk
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities		Solution includes operational procedures, training, disaster recovery plans, and documentation
Security & Compliance Objectives	A measure of solution's compliance with Oregon and CMS mandated regulations		Solution is compliant with regulations, HIPAA & PII, and can integrate with Oregon's security structure

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Technical Feasibility/Risk Options Analysis

Category	Description	Criteria	Transfer SBM
Business Objectives	A measure of solution's system alignment with key business requirements, market position, stability and market reputation	Satisfy business and functional requirement	
		Time to Market	
		Risks	
		Strategic Fit	
		Customer Base (Users)	
		CO Prior Experience	
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution	Ease of implementation	
		Out of box capabilities	
		Customizable and configurable	
		Maintainability and Manageability	
		Ease of Conversion	
		Security and Access Management	
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities	Performance and Quality	
		Scalability	
		Aligned with CO Strategy	
		Collaboration/Integration capabilities with other CO systems (Ex: SOA)	
		Extensibility	
		Technical Risks	
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities	System management support (SNMP, TIVOLI,..)	
		Operational procedures	
		Deployment process and procedures	
		Training	
		Disaster recovery plans	
		Documentation	
Security & Compliance Objectives	A measure of solution's compliance with all Oregon and CMS mandated regulations	Ability to integrate with CO's security infrastructure	
		HIPAA & PII compliance	
		Regulatory compliance	

Positive Fit/ Low Risk

Medium Fit/ Risk

Negative Fit/ High Risk

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Level of Customization Analysis

This table shows the estimated level of customization for each feature of the HIX solution, and our rationale behind each of the customization levels. Higher levels of customization increase the associated level of effort and cost. If CO accepts a different level of customization in a particular area, level of effort and cost would need to be adjusted.

Feature/Area	Level of Customization (%)	Degree of Customization	Assumptions / Rationale
SHOP	10-40%	Low	Using transfer SBM's full-choice SHOP requires little custom development
Financial Management / Premium Payment	10-40%	Low	Assuming Oregon uses the same vendor and bank as the transfer SBM, this area will require little custom development
State Interfaces	70-100%	High	Each state's interfaces are different (maximum is assumed to be <8)
Rules Engine / Eligibility Determination	10-40%	Low	Transfer SBM uses Oracle Policy Automation (OPA) as Rules Engine. OR already uses OPA and has state rules already coded. MAGI and HIX rules will be the same.
Plan Management	10-40%	Low	Transfer SBM uses SERFF template. Using transfer SBM's plan management requires little custom development
Reports	40-70%	Medium	Standard CMS reports are the same, OR will have custom state reports (maximum is assumed to be <21)
Notices	70-100%	High	Notices are state-specific (maximum is assumed to be <21)
Shopping Experience / Enrollment	0-10%	N/A	Using transfer SBM's shopping experience design will require little to no additional development hours
Admin Workflow	0-10%	N/A	Using transfer SBM's administrative workflow design assumes little to no additional development hours
Security and Privacy	40-70%	Medium	There are State-specific requirements for security and privacy in addition to the common CMS requirements
Conversion	70-100%	High	Data mapping is the largest conversion component
Broker / Navigator Portals	0-10%	N/A	Using transfer SBM's portal design assumes little to no additional development hours

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Cost Summary Analysis

The table below shows the associated costs with implementing a transfer SBM solution. The possible associated costs include implementation cost (cost to implement the solution), maintenance cost (ongoing costs to maintain the solution), hosting cost (cost to host the solution), and license cost (cost to license the solution).

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	**Stay the Course – Keep the Technology**	$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	$3.5M in 2014 (+Oracle thru June)	No Change	No Change
1.2	**Stay the Course – Keep the Vendor**	$45M in 2014 (+150K Hrs in 2015)	$12M in 2014	No Change	No Change
2.1	**Transfer Working SBM**	$17-20M	No	No	No
2.2	**Using Exeter's Technology**	Unknown	Unknown	Unknown	Unknown
3.1	**Enter Into Regional Exchange**	$17-20M	No	No	No
3.2	**Using Software-As-A-Service**	$3.6M	No	$14.4M	No
3.3	**Direct-to-Carrier Enrollment**	$2-3M	<$100K	No	No
4.1	**Transition to Full FFM**	$4-6M	Yes	No	No
4.2	**Partnership with HHS**	$4-6M	Yes	No	No
4.3	**Hybrid with HHS**	$7.6-9.6M	Yes	$14.4M	No

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Option 2 | Alternative 2

Detailed Analysis on Using Exeter's Technology

Leveraging an Exeter solution for CO

Background & Description

- CO received a proposal from Exeter stating that they could implement an end-to-end Exchange in two weeks
- Exeter Group Inc., is the Boston-based software company that has stated it has already built an Exchange that can plug into the existing technology Oregon is using*
  - Exeter designed the web-based UI consumer part of the Vermont and Hawaii SBMs. Both SBMs continue to have technical challenges*
- Exeter's product is called OneGate
- Vermont:
  - As sub-contractor to CGI, Exeter delivered the front-end user experience software for Vermont's Exchange. Vermont 's cost for the tailored installation of Exeter's OneGate product was a portion of the $36M CGI contract with Vermont for 2012-2014*
- Hawaii:
  - In a March, 2013 Oracle sponsored webinar, Exeter demonstrated their Hawaii HIX client portal and case management solution leveraging Exeter's OneGate accelerator pack powered by Oracle.
- There is no known installed Exeter end-to-end HIX solution operating today

Assumptions

- Exeter's installed HIX solution products are no more robust than their installed products for the Hawaii and Vermont SBMs
- Exeter's proposed product to CO is the OneGate product installed in Vermont and Hawaii

Methodology & Rationale

- To assess whether using the Exeter solution could be feasible for CO, three criteria were used: time, technical feasibility/risk, and cost
- The Exeter proposal and demonstration were requested but not available for this evaluation
- Analysis using the limited publically available information for Exeter Group is the primary input for the results.

- http://truenorthreports.com/subcontractor-gives-preview-of-it-infrastructure-for-health-benefit-exchange#sthash.MvqDE0Jn.dpuf
- http://vtdigger.org/2012/12/14/vermont-contracts-with-canadian-tech-firm-to-build-health-insurance-exchange/
- http://dnews.com/news_ap/article_6187f3b8-7f17-5202-ab36-899a42d962a3.html
- http://www.cbsnews.com/news/hawaiis-health-insurance-exchange-is-no-paradise/

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Cost Summary Analysis

The table below shows the associated costs with implementing Exeter's solution. The possible associated costs include implementation cost (cost to implement the solution), maintenance cost (ongoing costs to maintain the solution), hosting cost (cost to host the solution), and license cost (cost to license the solution).

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	$3.5M in 2014 (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	$45M in 2014 (+150K Hrs in 2015)	$12M in 2014	No Change	No Change
2.1	Transfer Working SBM	$17-20M	No	No	No
2.2	Using Exeter's Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	$17-20M	No	No	No
3.2	Using Software-As-A-Service	$3.6M	No	$14.4M	No
3.3	Direct-to-Carrier Enrollment	$2-3M	<$100K	No	No
4.1	Transition to Full FFM	$4-6M	Yes	No	No
4.2	Partnership with HHS	$4-6M	Yes	No	No
4.3	Hybrid with HHS	$7.6-9.6M	Yes	$14.4M	No

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Option 3 | Alternative 1

Detailed Analysis on Entering a Regional Exchange

Entering into a Regional Exchange

Background & Description

- The Affordable Care Act provides the option for states to establish regional Exchanges that operate in more than one state if this operation is permitted by each state and if the regional Exchange is approved by the Secretary of Health and Human Services (HHS)
- Currently, there are no functioning regional Exchanges
- The options that are under consideration for CO to enter into a regional Exchange are below:
  - One of the five state with functioning state-based marketplace (SBM) as of 10/1/13 (e.g. California, Connecticut, Kentucky, Rhode Island, and Washington)
  - A state that is transitioning from Federally-Facilitated Marketplace (FFM) to an SBM
- New Mexico and Idaho are the only two states that announced transition from FFM to SBM for plan year 2015
- Current Oregon state law only allows for the establishment of a SBM. Therefore, state law must be modified to allow for entrance into a regional Exchange
- A regional Exchange can be implemented with either a multi-tenancy or a virtualized model. Since a multi-tenancy solution does not currently exist on the market and will take at least six months to develop, this option is not viable for plan year 2015

Federal Requirements

- If the State is establishing a regional Exchange, the following materials need to be provided by 6/1/14 (deadline for Oregon to submit blueprint to CMS):
  - Memorandum of Understanding (MOU) among all States participating in the Exchange related to the utilization of grant funding
  - Agreement between the Regional Exchange and State Medicaid agencies related to eligibility coordination
  - Memorandum of Understanding with any participating State's department of insurance and the regional Exchange involving matters related to health insurance issuers' solvency, licensure, and benefits
  - Procedures to ensure that to the maximum extent possible the operation of the Regional Exchange is seamless to the consumer
  - The process and period for transition in the event that a State elects to withdraw from participation in the regional Exchange
- An MOU should designate authority, establish contracting process, agree on standards and conditions, and include quality management agreements

[1] http://www.pewstates.org/projects/stateline/headlines/why-some-state-run-health-exchanges-worked-85899525479
[2] http://www.usatoday.com/story/news/nation/2013/12/10/stateline-health-exchange-aca/3951043/
[3] In January 2013, Idaho and New Mexico both received CMS approval for operating a SBM.

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Entering into a Regional Exchange – cont'd

Methodology & Rationale

- To assess whether joining a regional Exchange could be a feasible solution for CO, three criteria were used: time, technical feasibility, and cost
- The level of customization / differentiation of CO's portion of regional Exchange is the key driver in determining the level of effort associated with the alternative
- The analysis focuses on the option of entering into a regional Exchange with a functioning SBM due to a higher incentive to join a functioining SBM than to start from scratch with another FFM state(s)
- The sample SBM used for this assessment was selected because its code is open-source, it includes functionality of both an individual and SHOP Exchange, and is operational

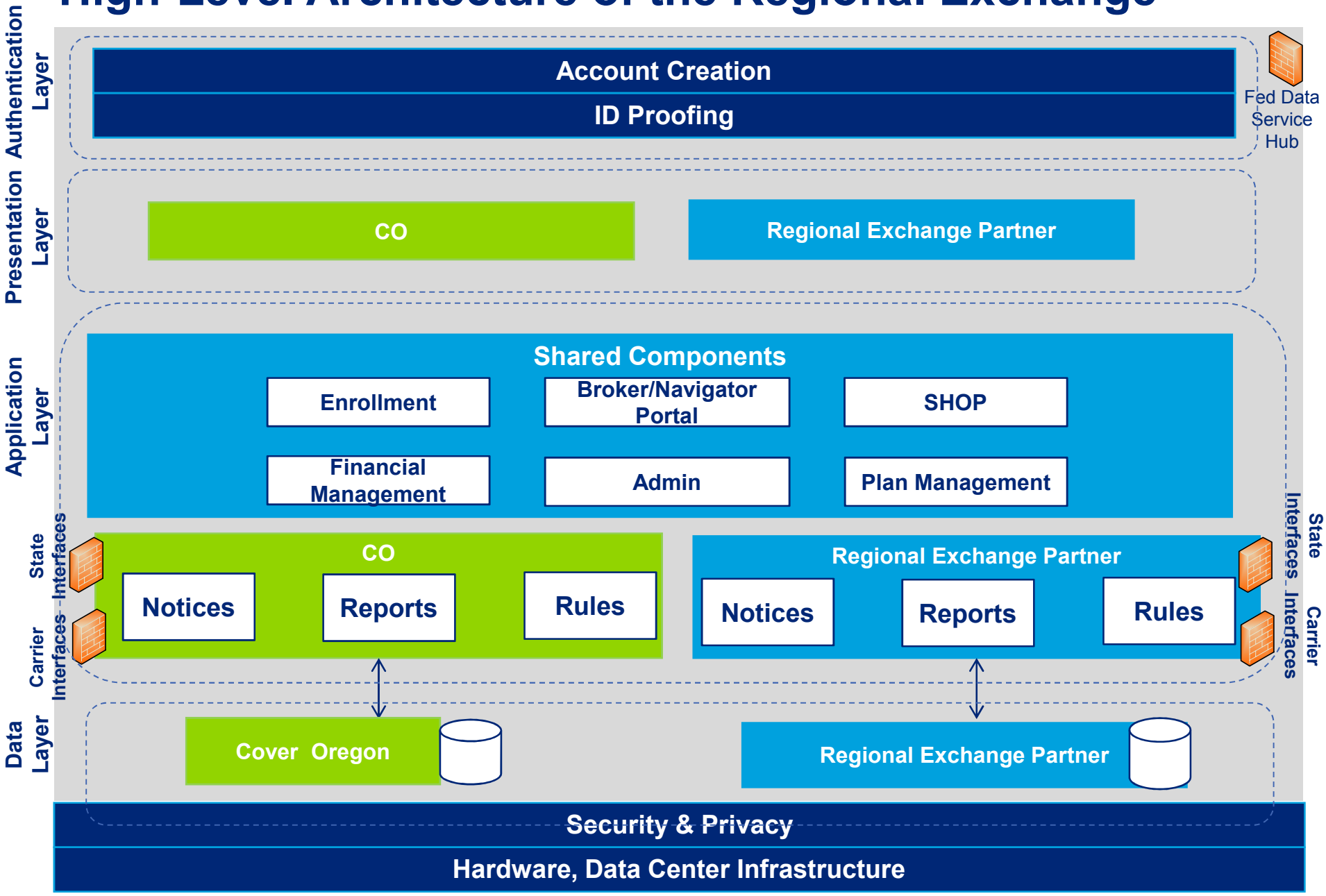
Assumptions

- The timeline for joining a regional Exchange assumes that CO requires the regional Exchange be implemented by 11/15/14 (for plan year 2015 open enrollment) and includes deployment activities through the end of the open enrollment period assumed to be 1/15/15
- This analysis assumes that CO could successfully obtain the necessary statutory authority to enter into a regional Exchange
- This option assumes that CO can obtain the necessary Memorandums of Understanding (MOU) among the regional Exchange and relevant state agencies
- The analysis calculates only those costs associated with the technology and assumes no additional costs for administrative tasks associated with regulatory changes, such as the resources for drafting the bill and blueprint
- The analysis assumes regional partner(s) do not impose a surcharge for implementation
- This option assumes that the regional Exchange utilizes the Federal Hub as the primary means of verification
- The cost for joining a regional Exchange assumes that CO will obtain necessary funding
- The cost and timeline in the following slides are for a regional Exchange with a virtualized model

*We will be adding links to the public sources that cited successful states.

Copyright © 2013 Deloitte Development LLC. All rights reserved.

High-Level Architecture of the Regional Exchange



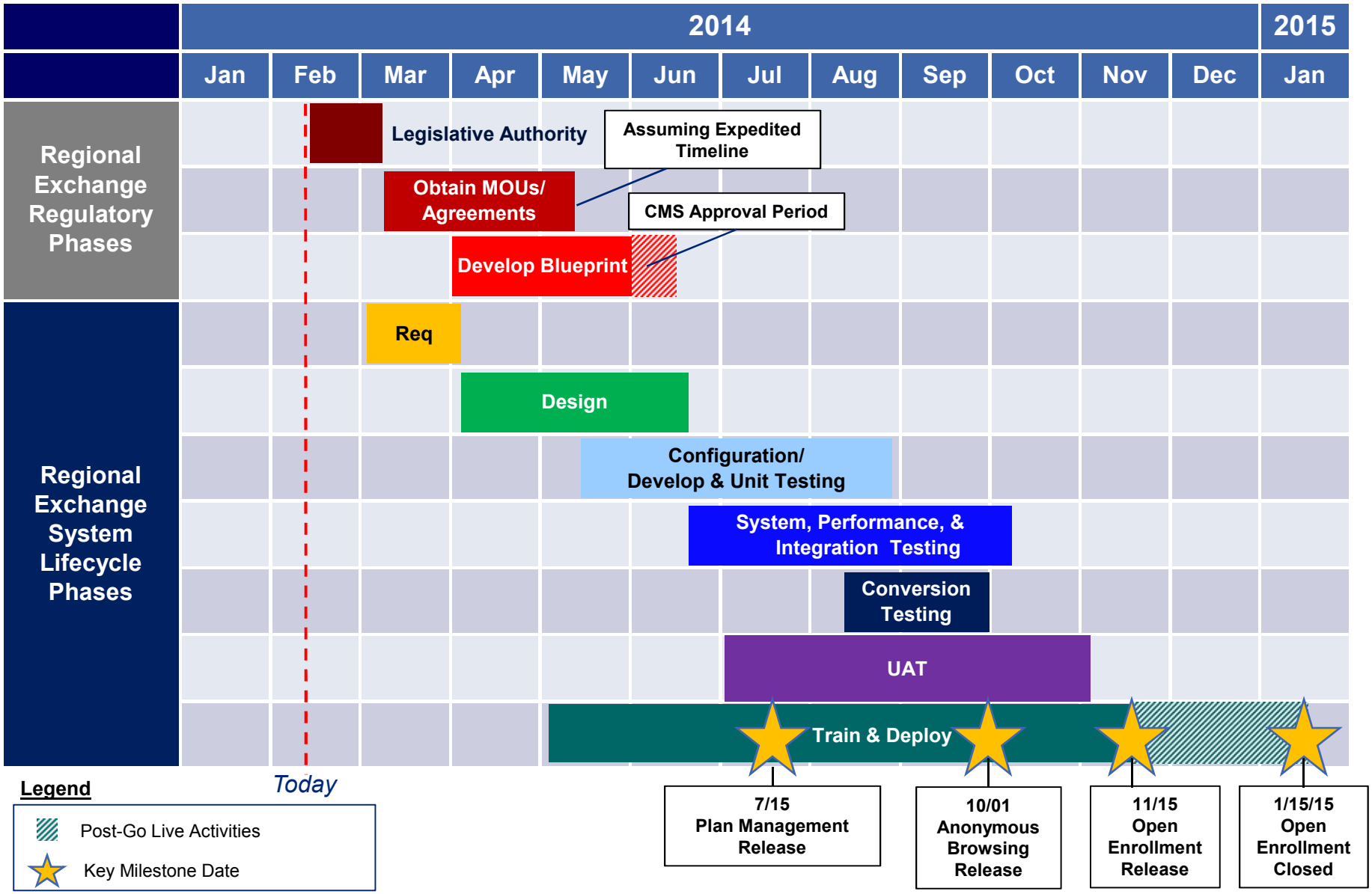
Copyright © 2013 Deloitte Development LLC. All rights reserved.

A) Entering into a Regional Exchange with a state with functioning SBM

	Phase	Sample SBM Plan	Alternative Estimate	Rationale for SBM estimates
Regulatory	**Obtain Statutory Authority**	N/A	4 weeks	The 2014 legislative session concludes on 3/9/14
	Obtaining MOUs / agreement	N/A	7-9 weeks	An interstate Memorandum of Understanding takes at least 90 days to be signed. Assuming an expedited timeline, an MOU can take 7-9 weeks
	Developing a "Single Blueprint"	N/A	8-12 weeks	It takes 6-10 weeks to develop and submit the blueprint to CMS as the architecture of the regional Exchange (particularly the shared infrastructure) needs to be designed. Transition blueprint submissions are due 6/01/2014; CMS indicates blueprints will be approved by 6/15/2014
Software Development Life Cycle	**Requirements**	8 weeks	3 - 6 weeks	Requirements phase is shorter than sample SBM because the transfer focus is on confirming & clarification of requirements in most areas
	Design	16 weeks	8 - 12 weeks	Design phase is shorter than sample SBM because the transfer focus is on confirming design in most areas and creation of design for only those areas that require customization
	Configuration/ Development & Unit Testing	24 weeks	10 - 14 weeks	Development phase is shorter than sample SBM because there is a high degree of re-use from transfer SBM solution
	System, Performance, & Integration Testing	25 weeks	14 - 18 weeks	As a result of the shorter Development phase, the SIT phase is also shorter
	Conversion Testing	6 weeks	5 - 7 weeks	It is an option for Oregon to convert existing solution data. The testing needs are similar
	User Acceptance Testing	20 weeks	16 - 20 weeks	While the UAT testing phase can be reduced, the planned release dates for this year is a timeline factor
	Training and Deployment	32 weeks	37 weeks	Deployment begins when the carriers' file their plans (May, 2014) and ends when Open Enrollment ends (1/15/2015)

Copyright © 2013 Deloitte Development LLC. All rights reserved.

A) Illustrative Timeline for Entering into a Regional Exchange with a Functioning SBM



Copyright © 2013 Deloitte Development LLC. All rights reserved.

B) Entering into a Regional Exchange with a Transitioning State

	Phase	Sample SBM Plan	Alternative Estimate	Rationale for SBM estimates
Regulatory	**Obtain Statutory Authority**	N/A	4 weeks	The 2014 legislative session concludes on 3/9/14
	Obtaining MOUs / agreement	N/A	7-9 weeks	An interstate Memorandum of Understanding takes at least 90 days to be signed. Assuming an expedited timeline, an MOU can take 7-9 weeks
	Developing a "Single Blueprint"	N/A	8-12 weeks	It takes 6-10 weeks to develop and submit the blueprint to CMS as the architecture of the regional Exchange (particularly the shared infrastructure) needs to be designed. Transition blueprint submissions are due 6/01/2014; CMS indicates blueprints will be approved by 6/15/2014.
Software Development Life Cycle	**Requirements**	8 weeks	8 - 10 weeks	
	Design	16 weeks	16 - 20 weeks	
	Configuration/ Development & Unit Testing	24 weeks	24 – 28 weeks	
	System, Performance, & Integration Testing	25 weeks	25 – 29 weeks	
	Conversion Testing	6 weeks	6 – 8 weeks	
	User Acceptance Testing	20 weeks	20 – 24 weeks	
	Training and Deployment	32 weeks	32 - 36 weeks	

The implementation timeline of entering into a regional Exchange with a transitioning state will not be shorter than that of the sample SBM plan, which has the shortest implementation time compared to the other 4 functioning Exchanges as of 10/1/13.

This **rules out the possibility** of entering into a regional Exchange with a transitioning state (New Mexico and Idaho) if Oregon would like to have open enrollment on 11/15/2014.

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Technical Feasibility Summary Analysis

5 criteria have been defined as appropriate for the CO technical feasibility evaluation: business objective alignment, development and testing objectives, enterprise architecture objectives, deployment and operational objectives, and security and compliance objectives.

Category	Description	Feasibility	Rationale
Business Objectives Alignment	A measure of solution's system alignment with key business requirements, market position, stability and market reputation		Solution presents risks in time to market as there is no regional Exchange in the marketplace now
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution		Solution may be customizable and configurable, but shared components will need to be mutually agreed upon by the participating states in the regional Exchange. In addition, security and access management presents potential risk due to lack of precedence
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities		With two partner states in the regional Exchange, scalability becomes a focused risk area, and requires performance and stress tests
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities		Solution includes operational procedures, training, disaster recovery plans, and documentation
Security & Compliance Objectives	A measure of solution's compliance with Oregon and CMS mandated regulations		Solution is compliant with regulations, HIPAA & PII, and can integrate with Oregon's security structure

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Technical Feasibility/Risk Options Analysis

Category	Description	Criteria	Regional HIX
Business Objectives	A measure of solution's system alignment with key business requirements, market position, stability and market reputation	Satisfy business and functional requirement	●
		Time to Market	●
		Risks	●
		Strategic Fit	●
		Customer Base (Users)	●
		CO Prior Experience	●
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution	Ease of implementation	●
		Out of box capabilities	●
		Customizable and configurable	●
		Maintainability and Manageability	●
		Ease of Conversion	●
		Security and Access Management	●
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities	Performance and Quality	●
		Scalability	●
		Aligned with CO Strategy	●
		Collaboration/Integration capabilities with other CO systems (Ex: SOA)	●
		Extensibility	●
		Technical Risks	●
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities	System management support (SNMP, TIVOLI,..)	●
		Operational procedures	●
		Deployment process and procedures	●
		Training	●
		Disaster recovery plans	●
		Documentation	●
Security & Compliance Objectives	A measure of solution's compliance with all Oregon and CMS mandated regulations	Ability to integrate with CO's security infrastructure	N/A
		HIPAA & PII compliance	●
		Regulatory compliance	●

● Positive Fit/ Low Risk ● Medium Fit/ Risk ● Negative Fit/ High Risk

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Level of Customization Analysis

This table shows the estimated level of customization for each feature of the HIX solution, and our rationale behind each of the customization levels. Higher levels of customization increase the associated level of effort and cost. If CO accepts a different level of customization in a particular area, level of effort and cost would need to be adjusted.

Feature/Area	Level of Customization (%)	Degree of Customization	Assumptions / Rationale
SHOP	10-40%	Low	Using the partner SBM's full-choice SHOP requires little custom development
Financial Management / Premium Payment	10-40%	Low	Assuming Oregon uses the same vendor and bank as the partner SBM, this area will require little custom development
State and Carrier Interfaces	70-100%	High	Each state's interfaces are different (maximum is assumed to be <8)
Rules Engine / Eligibility Determination	10-40%	Low	Partner SBM uses Oracle Policy Automation (OPA) as Rules Engine. MAGI and HIX rules are the same, OR will have custom state rules
Plan Management	10-40%	Low	Partner SBM uses SERFF template. Using transfer SBM's plan management requires little custom development
Reports	40-70%	Medium	Standard CMS reports are the same, OR will have custom state reports (maximum is assumed to be <21)
Notices	70-100%	High	Notices are state-specific (maximum is assumed to be <21)
Shopping Experience / Enrollment	0-10%	N/A	Using partner SBM's shopping experience design will require no additional development hours
Admin Workflow	0-10%	N/A	Using partner SBM's administrative workflow design assumes little to no additional development hours
Security and Privacy	40-70%	Medium	There are State-specific requirements for security and privacy in addition to the common CMS requirements
Conversion	70-100%	High	Data mapping is the largest conversion component
Broker / Navigator Portals	0-10%	N/A	Using partner SBM's portal design assumes little to no additional development hours
Batches	10-40%	Medium	TBD

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Cost Summary Analysis

The table below shows the associated costs with entering into a Regional Exchange. The possible associated costs include implementation cost (cost to implement the solution), maintenance cost (ongoing costs to maintain the solution), hosting cost (cost to host the solution), and license cost (cost to license the solution).

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	$3.5M in 2014 (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	$45M in 2014 (+150K Hrs in 2015)	$12M in 2014	No Change	No Change
2.1	Transfer Working SBM	$17-20M	No	No	No
2.2	Using Exeter's Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	$17-20M	No	No	No
3.2	Using Software-As-A-Service	$3.6M	No	$14.4M	No
3.3	Direct-to-Carrier Enrollment	$2-3M	<$100K	No	No
4.1	Transition to Full FFM	$4-6M	Yes	No	No
4.2	Partnership with HHS	$4-6M	Yes	No	No
4.3	Hybrid with HHS	$7.6-9.6M	Yes	$14.4M	No

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Option 3 | Alternative 2

Detailed Analysis on Using Software-as-a-Service

Leveraging Software as a Service for CO

Background & Description

- CO is considering using software-as-a-service (SaaS) for either the individual and SHOP Exchange functions, or for the SHOP Exchange only
- The key differences between the operating models of SaaS and a traditional State-based Marketplace (SBM) solution are:
    - SaaS vendor is responsible for hosting and maintaining the solution, instead of the State
    - The technology is owned by the SaaS vendor.
- We considered two SaaS vendors currently operating in the marketplace: GetInsured and bswift, who have a SaaS offering for either individual and SHOP functions or SHOP alone
    - New Mexico contracted with GetInsured to implement a SaaS solution for the individual and SHOP Exchange functions for plan year 2014; however, currently only the SHOP is operating under the SaaS model and the individual Exchange functionality remains with the FFM
    - Connecticut hired bswift to implement a SaaS solution for only the SHOP Exchange for plan year 2014. SHOP successfully went live on 10/1/13

Methodology & Rationale

- We assessed whether SaaS could be used for both the individual and SHOP Exchanges, or for the SHOP Exchange only
- To assess whether SaaS for both individual and SHOP Exchanges or for SHOP only could be feasible solutions for CO, three criteria were used: time, technical feasibility, and cost
- BeWellNM (New Mexico's HIX) was used as a case study to assess SaaS for the entire Exchange function, and Access Health CT's SHOP function was used as a case study to assess SaaS for SHOP only

Assumptions

- Potential vendors must demonstrate the capabilities of a successful HIX/SHOP implementation as the primary contractor in order to be considered
- Companies that successfully implemented a full HIX solution currently do not offer an equivalent SaaS solution

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Options Analysis for Contracting to SaaS Vendor

Below is a comparative analysis between contracting out both the individual and SHOP functionalities or only the SHOP functionality to a SaaS vendor.

	A SaaS for both Individual and SHOP Exchange	B SaaS for SHOP Exchange only
Sample State	• New Mexico – BeWellNM	• Connecticut – Access Health CT
Time	• Up to 17 months	• Less than 5 months

Cost*	• ~$40M over the course of 5 years
	• This includes the following costs:
	  ◦ Software platform and ongoing maintenance costs of $24.5 for the first 2 years, and $6.5M for the next 3 years
	  ◦ Hosting costs of $4M over 5 years
	  ◦ Ancilliary costs of $5M over 5 years
	• Not including costs of additional customization requested by CO
		• ~$18M over the course of 3 years
		• This includes a one-time implementation fee of $3.6M and maintenance fees as below:
		  ◦ Year 1 = $460,000 per month
		  ◦ Year 2 = $380,000 per month or PMPM rate (whichever is greater)
		  ◦ Year 3 = $350,000 per month or PMPM rate (whichever is greater)
		• PMPM rate:
		  ◦ <20,000 users, $28.80 / month
		  ◦ >20,000 users, $23.25 / month

Technical Feasibility	• Medium to high risk • May be difficult to integrate with other systems in the future (e.g. Integrated Eligibility)	• Low risk • Proven success in Connecticut • No integration between Individual and SHOP Exchange

While contracting out SHOP to a third-party administrator is not a standalone solution, it is less risky for CO to consider than contracting out both the individual and SHOP functionalities.

*Oregon is likely to have a higher cost for either option since the population of Oregon is larger than that of both New Mexico and Connecticut

Copyright © 2013 Deloitte Development LLC. All rights reserved.

A: Technical Feasibility Analysis for SaaS (Individual & SHOP)

Five criteria have been defined as appropriate for the CO technical feasibility evaluation: business objectives alignment, development and testing objectives, enterprise architecture objectives, deployment and operational objectives, and security and compliance objectives.

Category	Description	Feasibility	Rationale
Business Objectives Alignment	A measure of solution's system alignment with key business requirements, market position, stability and market reputation		There is no proven implementation of the solution, and time to market is currently unknown
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution		Solution is configurable but not customizable. Ease of conversion is unknown and presents high risk
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities		Solution can present risks in the future when integrating with other CO systems. However, flexibility and adaptability will be a challenge when using SaaS versus if CO owns the solution
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities		Solution includes operational procedures, training, disaster recovery plans, and documentation
Security & Compliance Objectives	A measure of solution's compliance with Oregon and CMS mandated regulations		Solution is compliant with regulations, HIPAA & PII, and can integrate with Oregon's security structure

Copyright © 2013 Deloitte Development LLC. All rights reserved.

B: Technical Feasibility Analysis for SaaS (SHOP only)

Five criteria have been defined as appropriate for the CO technical feasibility evaluation: business objective alignment, development and testing objectives, enterprise architecture objectives, deployment and operational objectives, and security and compliance objectives.

Category	Description	Feasibility	Rationale
Business Objectives Alignment	A measure of solution's system alignment with key business requirements, market position, stability and market reputation		Solution satisfies business and functional requirements. Adaptability will be a challenge when using SaaS, thus increasing risk for the strategic fit with CO
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution		Solution is configurable. SaaS SHOP solution has been proven to be successful in CT's SHOP Exchange
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities		Solution is scalable, extensible, aligns with CO's architecture strategy, and presents a low technical risk. There are a fewer number of integration requirements for only the SHOP Exchange. Flexibility and adaptability will be a challenge when using SaaS
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities		Vendor will provide operational procedures, training, disaster recovery plans, and documentation
Security & Compliance Objectives	A measure of solution's compliance with Oregon and CMS mandated regulations		Solution is compliant with regulations, HIPAA & PII, and can integrate with Oregon's security structure

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Technical Feasibility/Risk Options Analysis

Category	Description	Criteria	Individual & SHOP	SHOP Only
Business Objectives	A measure of solution's system alignment with key business requirements, market position, stability and market reputation	Satisfy business and functional requirement	●	●
		Time to Market	●	●
		Risks	●	●
		Strategic Fit	●	●
		Customer Base (Users)	●	●
		CO Prior Experience	●	●
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution	Ease of implementation	●	●
		Out of box capabilities	●	●
		Customizable and configurable	●	●
		Maintainability and Manageability	●	●
		Ease of Conversion	●	●
		Security and Access Management	●	●
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities	Performance and Quality	●	●
		Scalability	●	●
		Aligned with CO Strategy	●	●
		Collaboration/Integration capabilities with other CO systems (Ex: SOA)	●	●
		Extensibility	●	●
		Technical Risks	●	●
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities	System management support (SNMP, TIVOLI,..)	●	●
		Operational procedures	●	●
		Deployment process and procedures	●	●
		Training	●	●
		Disaster recovery plans	●	●
		Documentation	●	●
Security & Compliance Objectives	A measure of solution's compliance with all Oregon and CMS mandated regulations	Ability to integrate with CO's security infrastructure	●	●
		HIPAA & PII compliance	●	●
		Regulatory compliance	●	●

● Positive Fit/ Low Risk ● Medium Fit/ Risk ● Negative Fit/ High Risk

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Cost Summary Analysis

The table below shows the associated costs with implementing a SaaS solution. The possible associated costs include implementation cost (cost to implement the solution), maintenance cost (ongoing costs to maintain the solution), hosting cost (cost to host the solution), and license cost (cost to license the solution).

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	$3.5M in 2014 (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	$45M in 2014 (+150K Hrs in 2015)	$12M in 2014	No Change	No Change
2.1	Transfer Working SBM	$17-20M	No	No	No
2.2	Using Exeter's Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	$17-20M	No	No	No
3.2	Using Software-As-A-Service	$3.6M	No	$14.4M	No
3.3	Direct-to-Carrier Enrollment	$2-3M	<$100K	No	No
4.1	Transition to Full FFM	$4-6M	Yes	No	No
4.2	Partnership with HHS	$4-6M	Yes	No	No
4.3	Hybrid with HHS	$7.6-9.6M	Yes	$14.4M	No

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Option 3 | Alternative 3

Detailed Analysis on Direct-to-Carrier Enrollment

A: Leveraging a Direct-to-Carrier Enrollment Capability for CO

Background & Description

- The benefit of DTC is to provide an additional (rather than replacement of SBM) channel for the consumer
- Direct enrollment allows individuals to sign up for subsidized and unsubsidized coverage directly through an insurer; however, subsidy eligibility and calculations still have to run through and determination made by the FFM or SBM*
- Insurance carriers who meet the requirements can be authorized to help enroll individuals eligible for a tax credit subsidy using their online enrollment website*
- Using the DTC option will require connecting the applicant with the CO eligibility service in order to determine the eligibility for Medicaid or a subsidy. The use of the DTC will off-load some but not all of the enrollment transactions from CO
  - With DTC, the volume of transactions needing a subsidy determination will not be reduced on CO's web-site although the transaction time for CO's wen-site should be reduced
  - Applicants who do not want or need a subsidy eligibility determination will be able to complete the enrollment completely through the carrier which should also reduce the volume of non-subsidy transactions for CO to handle
- Although other states are considering adding the DTC enrollment capability, Kentucky is the only known state Exchange currently using this functionality
- The FFM currently offers the option for carriers, brokers and agents to perform the DTC services. However, the capability is not yet working and is undergoing testing with carriers and brokers

Assumptions

- The direct enrollment process flow for CO assumes the model similar to the direct enrollment process flow used by the FFM
- This analysis assumes no legislative hurdles to direct enrollment
- This option assumes the majority of the CO potential applicants are eligible for subsidies and will need to connect to the CO web-site to determine subsidy eligibility. (HHS reported that 79 percent of the 2.2 million people who signed up for Exchange plans through December would receive a subsidy* The assumption is that Oregon has a similar % of subsidy eligible applicants)
- This option assumes the timeline for the DTC option will run simultaneously with another alternative without increasing the total calendar time
- Kentucky's experience with the DTC alternative was used to estimate costs and timeline with the assumption that the DTC capability implemented by Kentucky is a comparable example for the DTC alternative analysis
- This analysis only considers the cost of the additional capability not the cost of the underlying SBM capability

Methodology & Rationale

- To assess whether DTC enrollment could be a feasible solution for CO, three criteria were used: time, technical feasibility, and cost

- Brett Norman. Politico Pro. 1/24/14. Direct sign-up for Obamacare subsidy enrollees still bumpy. https://www.politicopro.com/story/healthcare/?id=30088
- http://healthaffairs.org/blog/2013/11/20/implementing-health-reform-a-closer-look-at-direct-enrollment-by-insurers/
- http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/ENR_OperationsPolicyandGuidance_5CR_100313.pdf

Copyright © 2013 Deloitte Development LLC. All rights reserved.

B: Leveraging a Direct-to-Carrier Exchange-Lite Solution for CO

Background & Description

- With the DTC Exchange lite capability, the carrier can perform eligibility determination for Medicaid and subsidies by accessing a web service provided by CO and enroll the applicants in an end-to-end process
- In addition, all consumer assistance services and support, including use of the navigator tools and call center provision will be managed by the carrier
- The benefit of DTC Exchange-lite is to provide a replacement channel for the consumer for both the web-access and the call-center/consumer assistance services. CO becomes a back-office Exchange support service to carriers
- Insurance carriers who meet the requirements can be authorized to help enroll individuals eligible for a tax credit subsidy using their own online enrollment website and call center. Using the DTC Exchange-lite option will require connecting the carrier with a CO supplied web-service to determine the eligibility for Medicaid and subsidies
- Regulatory approvals would be required for this alternative since CMS does not currently allow carriers to complete the eligibility determination for Medicaid and subsidies using a web service
- All CO's health and dental carriers must accept full responsibility for enrolling and servicing their own applicants. Any carrier not able to assume the complete enrollment and servicing responsibility would not be allowed to participate
- CO could choose a SaaS vendor or enhance the Oregon Medicaid technology to replace CO Exchange technology. (Essentially, the need for CO as an health care Exchange entity would be eliminated)

Assumptions

- This option assumes the technology used for DTC Exchange-lite would be a SaaS alternative or an enhanced Medicaid technology solution
- This option assumes Oregon would get the necessary CMS approvals and State approvals in time for the 2015 enrollment kick-off
- This option assumes a sufficient number of carriers would be willing to take on the additional costs and responsibilities.(See slide 8 for a visual illustration of the workflow and listed responsibilities)
- This option assumes that carriers would perform certain Exchange functions (e.g. Plan Management, Navigator, Consumer Assistance, Premium Payment) and the State would maintain certain functions (e.g. eligibility determination, some reporting, some notices)

Methodology & Rationale

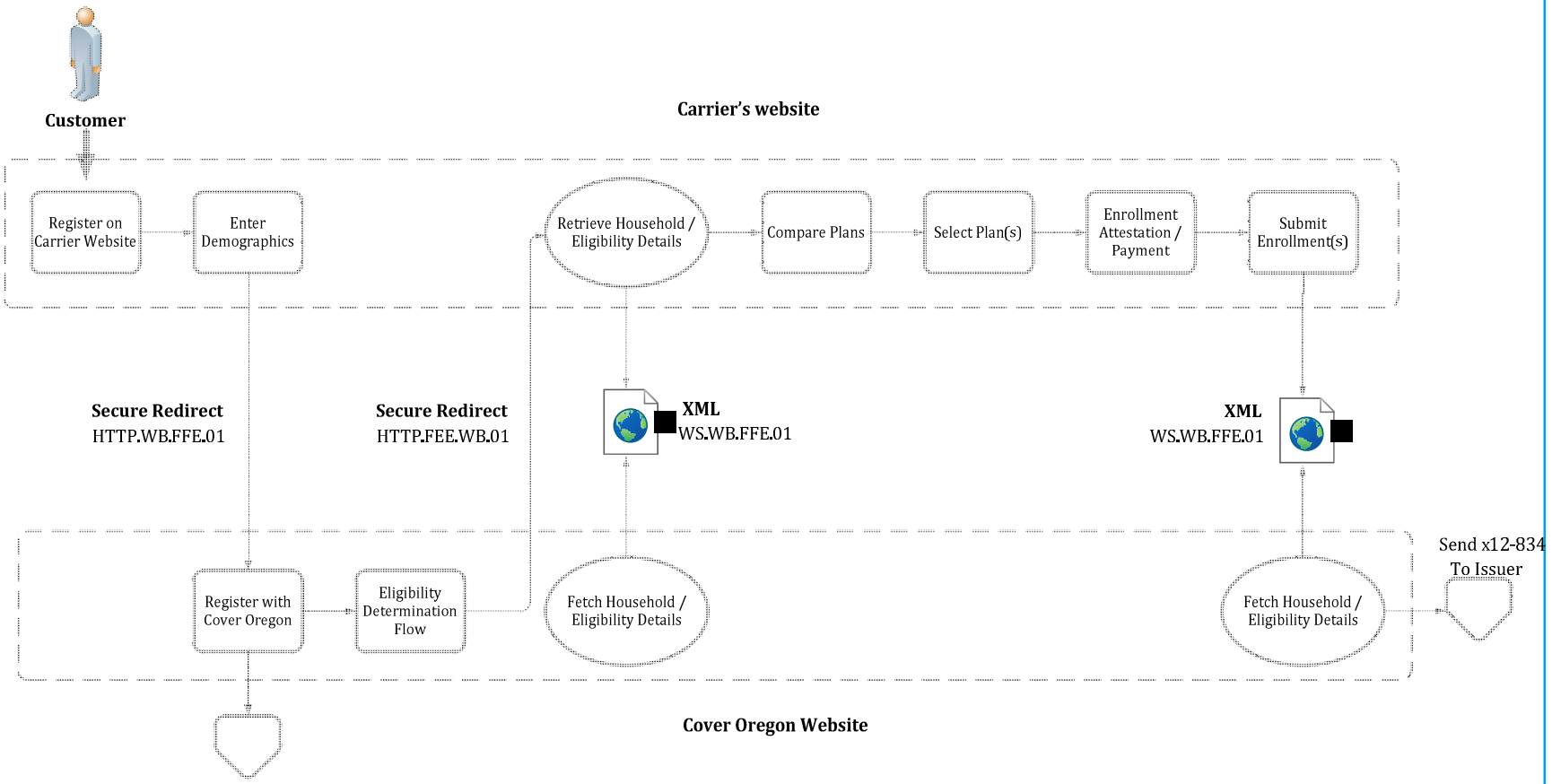
- To assess whether the DTC enrollment Exchange-lite alternative could be a feasible solution for CO, three criteria were used: time, technical feasibility, and cost

Copyright © 2013 Deloitte Development LLC. All rights reserved.

A: Leveraging a Direct-to-Carrier Enrollment Capability for CO

How Direct-to Carrier Enrollment Works*

When an insurer directly enrolls an applicant in one of its qualified health plans through the Exchange, the applicant begins at the insurer's website. Once the insurer has collected basic information, the applicant is transferred to the Exchange website, where the applicant is registered and eligibility for premium tax credits is determined. The applicant is then transferred back to the insurer website for plan selection. The diagram below represents the adapted process flow proposed by HHS.



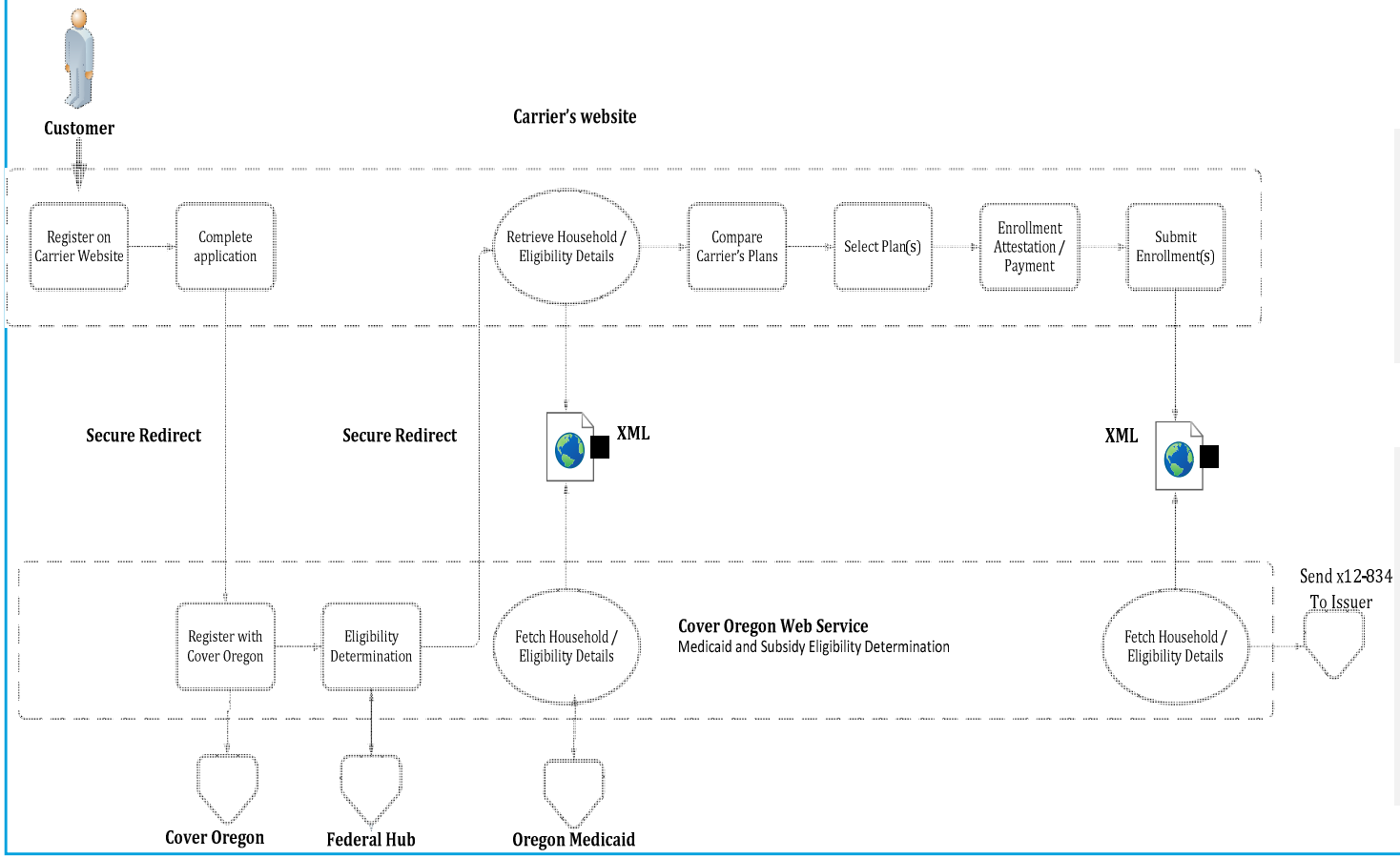
* http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/ENR_OperationsPolicyandGuidance_5CR_100313.pd

Copyright © 2013 Deloitte Development LLC. All rights reserved.

B: Leveraging a Direct-to-Carrier Exchange-Lite Capability for CO

How Direct-to-Carrier Exchange-Lite Enrollment Works

When an insurer directly enrolls an applicant in one of its qualified health plans through the Exchange, the applicant stays on the insurer's website. Once the insurer has collected application information, the carrier accesses the Exchange web service, where the applicant is registered and eligibility for premium tax credits is determined. The carrier web site facilitates the applicant through plan selection, enrollment and premium payment . The diagram below represents the illustrative process.



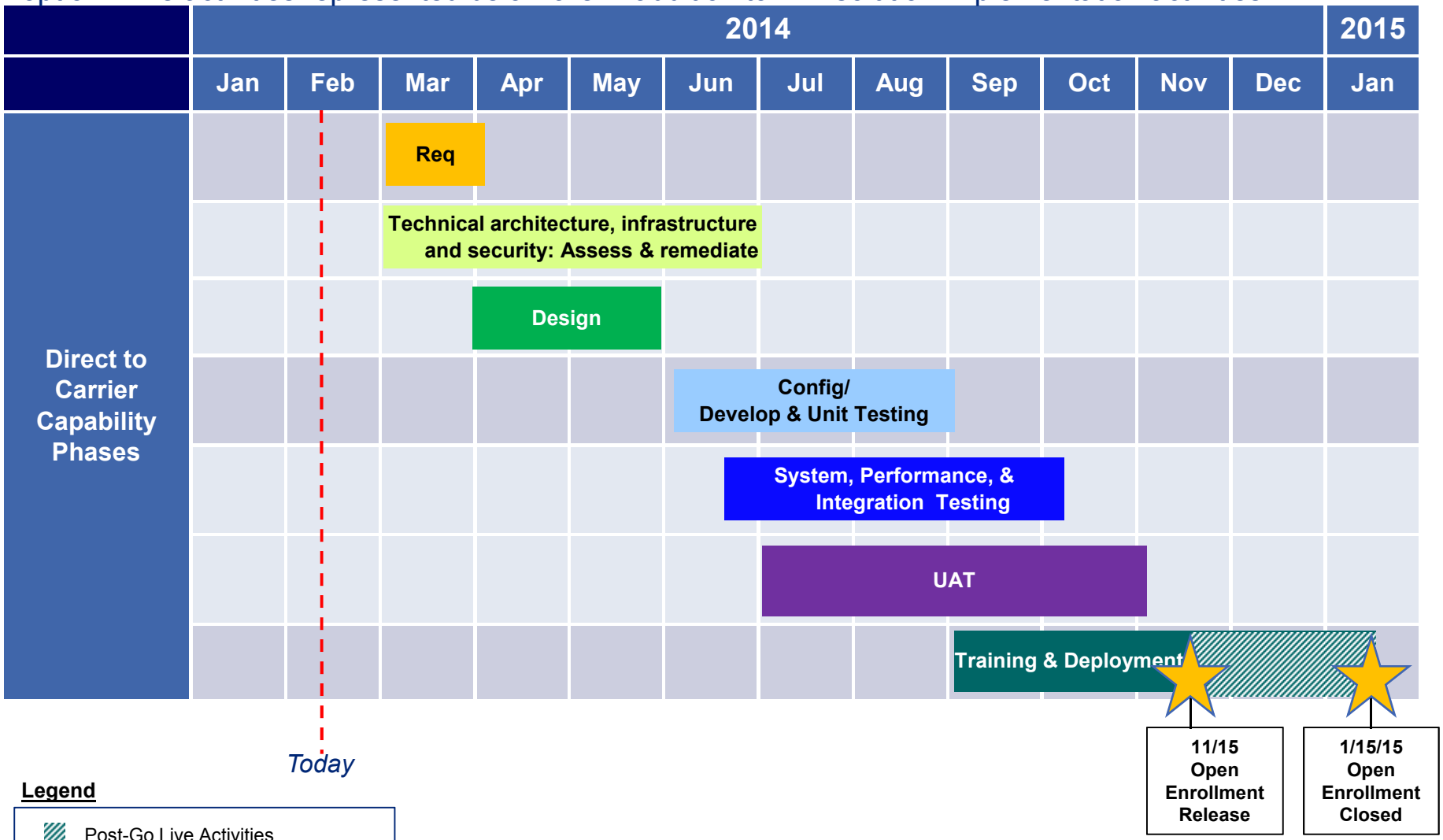
Carrier Responsibilities:
Enrollment
Premium Management
Navigator tools
Some notices
Some reports
Call center

CO Responsibilities:
Plan management
Eligibility determination/Redeterminations
Case management
Some notices – required to be sent from state
Some reports – required by CO
Security Services

Copyright © 2013 Deloitte Development LLC. All rights reserved.

A: Illustrative Timeline for Direct-to-Carrier Capability*

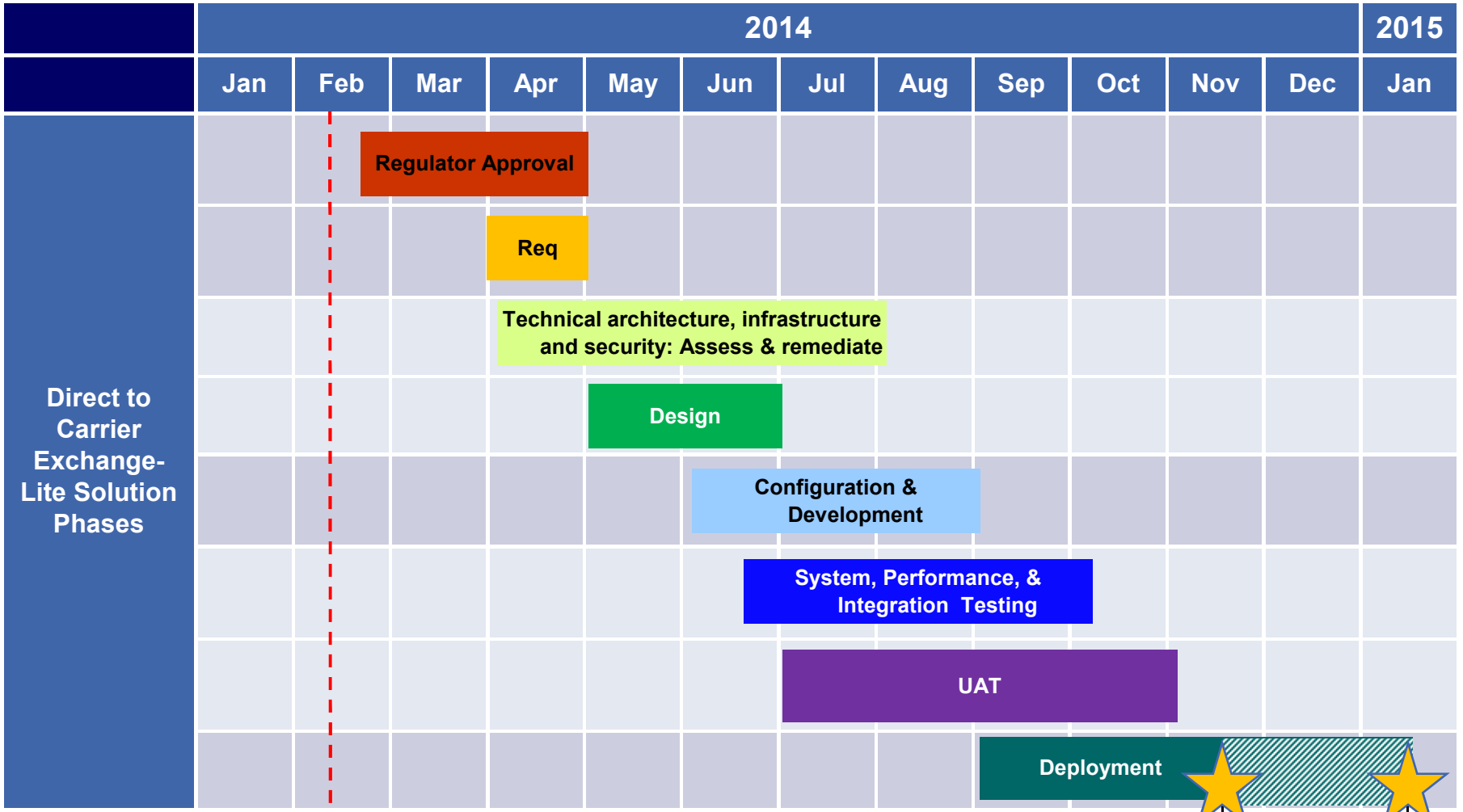
This DTC capability is not a stand alone solution and must be implemented in tandem with the selected option. The activities represented below are in addition to HIX solution implementation activities.



*The timeline estimate is based on the Kentucky exchange timeline for implementing The DTC capability they refer to as 'Lead Generation'.

Copyright © 2013 Deloitte Development LLC. All rights reserved.

B: Illustrative Timeline for Direct-to-Carrier Exchange-Lite Solution*



Legend

- Post-Go Live Activities
- Key Milestone Date

- The timeline is dependent on the timeline for selected technology solution

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Cost Summary Analysis

The table below shows the associated costs with implementing Direct-to-Carrier enrollment capabilities. The possible associated costs include implementation cost (cost to implement the solution), maintenance cost (ongoing costs to maintain the solution), hosting cost (cost to host the solution), and license cost (cost to license the solution).

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	$3.5M in 2014 (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	$45M in 2014 (+150K Hrs in 2015)	$12M in 2014	No Change	No Change
2.1	Transfer Working SBM	$17-20M	No	No	No
2.2	Using Exeter's Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	$17-20M	No	No	No
3.2	Using Software-As-A-Service	$3.6M	No	$14.4M	No
3.3	Direct-to-Carrier Enrollment	$2-3M	<$100K	No	No
4.1	Transition to Full FFM	$4-6M	Yes	No	No
4.2	Partnership with HHS	$4-6M	Yes	No	No
4.3	Hybrid with HHS	$7.6-9.6M	Yes	$14.4M	No

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Option 4 | Alternative 1

Detailed Analysis on Transitioning to the Federally-Facilitated Marketplace (FFM)

Transitioning to a full FFM Solution for CO

Background & Description

- A total of 27 states are using the FFM, each state using the FFM has the option of choosing whether the FFM will assess or determine Medicaid eligibility
    - Assessment Model – In this model, the FFM makes an initial assessment of Medicaid eligibility and the State Medicaid agency makes final Medicaid determination. 25* states have selected this model
    - Determination Model – In this model, the FFM makes the final Medicaid eligibility determination and transmits this determination to the State. 15 states have selected this model
- In either model, FFM status must build file transfers with CMS for Medicaid
- CMS has developed Business Specification Documents (BSDs) detailing the file transfer process

Assumptions

- This option assumes that no requirements will be defined other than those for states currently using the FFM
- This option assumes Oregon will chose an assessment model for eligibility determination
- This option assumes all carriers now participating in CO will continue to participate with the FFM
- The timeline and cost assumes that known issues and defects with the current file transfer process that FFM states are using are fixed
- The timeline for transitioning to an FFM assumes that CO requires that the FFM solution be implemented by 11/15/14 (for plan year 2015 open enrollment) and includes deployment activities through the end of the open enrollment period assumed to be 1/15/15
- Transitioning from the SBM to an FFM model for 2015 enrollments requires that a transition Blueprint be submitted to CMS by June 1, 2014

Methodology & Rationale

- To assess whether moving to the FFM could be a feasible solution for CO, three criteria were used: time, technical feasibility, and cost
- The legislative and regulatory changes is a key driver in determining timeline as well as the level of effort and cost for designing, developing and testing the file transfer process with CMS in order to transition to the FFM
- The sample FFM state that was used for this analysis is a determination state, however the file transfers with CMS are required regardless of whether the state is an assessment state or determination state

*http://medicaid.gov/AffordableCareAct/Medicaid-Moving-Forward-2014/Medicaid-and-CHIP-and-the-Marketplace/medicaid-chip-marketplace-interactions.html

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Transitioning to a FFM Partnership Solution for CO

Background & Description

- One of the options available to states choosing the FFM model, is the FFM Partnership model. With this model, CO assumes primary responsibility for carrying out certain activities related to plan management, consumer assistance and outreach, or both
    - In a *State Plan Management Partnership Exchange*, the scope of state responsibilities includes: recommending plans for QHP certification, recertification and decertification; QHP issuer account management; and day-to-day administration and oversight of QHP issuers.
    - States can also choose to assume responsibility for in-person consumer assistance and outreach, through what is referred to as a *State Consumer Partnership Exchange**

Methodology & Rationale

- See the previous slide with the full FFM methodology and rationale information

Assumptions

- In addition to the assumptions associated with the "Transition to Full FFM" analysis, the following assumptions were applied to this analysis:
- CO will use their current technology for Plan Management and Consumer Assistance
- The cost estimates for the FFM Partnership alternative will not be materially greater than the technology costs for the Full FFM alternative
- This option assumes Oregon will chose an assessment model for eligibility determination
- The timeline and cost assumes that known issues and defects with the current file transfer process that FFM states are using are fixed
- The cost and technical feasibility/risk analysis for the FFM Partnership model is based on continuing to use the current Cover Oracle plan management technology

*http://medicaid.gov/AffordableCareAct/Medicaid-Moving-Forward-2014/Medicaid-and-CHIP-and-the-Marketplace/medicaid-chip-marketplace-interactions.html

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Transitioning to FFM Hybrid Solution for CO

Background & Description

- In the Program Integrity Final Rule issued August 30, 2013, CMS amended the definition of "Exchange" and further indicated that states may elect to establish:
  - (1) An Exchange that facilitates the purchase of health insurance coverage in QHPs in the individual market and that provides for the establishment of a SHOP; or
  - (2) An Exchange that provides only for the establishment of a SHOP
- An arrangement in which the state operates the SHOP and the federal government operates the individual market Exchanges is generally known as a hybrid model
- Currently, only the State of Utah has CMS approval for a hybrid model; however, New Mexico is temporarily operating a hybrid model until such time as the state's individual Exchange is operational

Assumptions

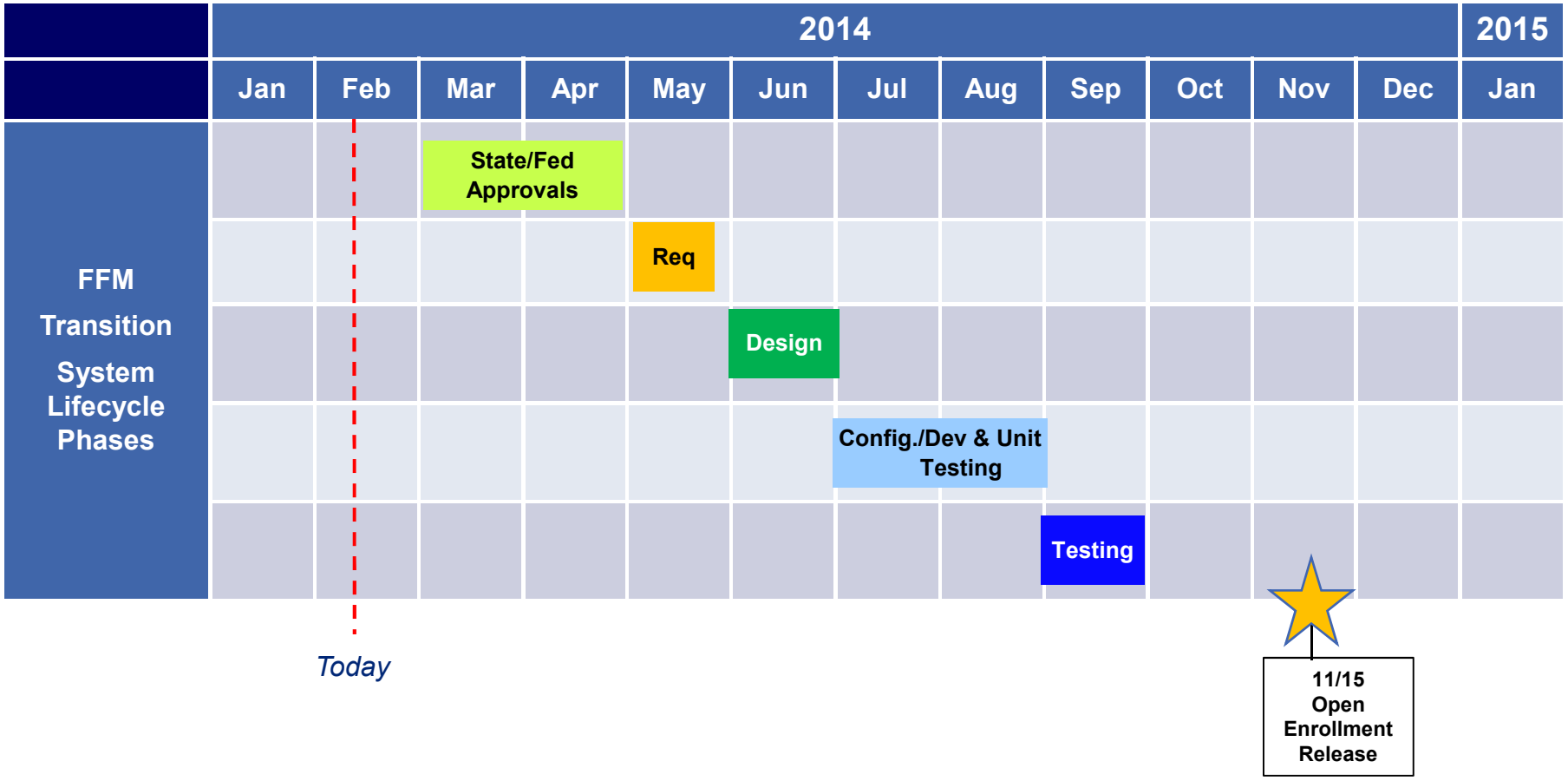
- In addition to the assumptions associated with the "Transition to Full FFM" and "Transition to FFM Partnership" analyses, the following assumptions were applied to this analysis:
- This option assumes that no requirements will be defined other than those for states currently using the hybrid model
- This option assumes Oregon will obtain the necessary state and federal approvals
- This option assumes CO will use a SaaS for SHOP operation
- This option assumes little to no integration for SaaS SHOP and the individual Exchange; therefore, in the hybrid model, using SaaS for SHOP will not affect the timeline or costs for moving the individual Exchange to the FFM

Methodology & Rationale

- To assess whether moving to a hybrid model could be a feasible solution for CO, three criteria were used: time, technical feasibility, and cost

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Illustrative Timeline for Full FFM Solution and FFM Partnership Alternatives



Legend

Key Milestone Date

Copyright © 2013 Deloitte Development LLC. All rights reserved.

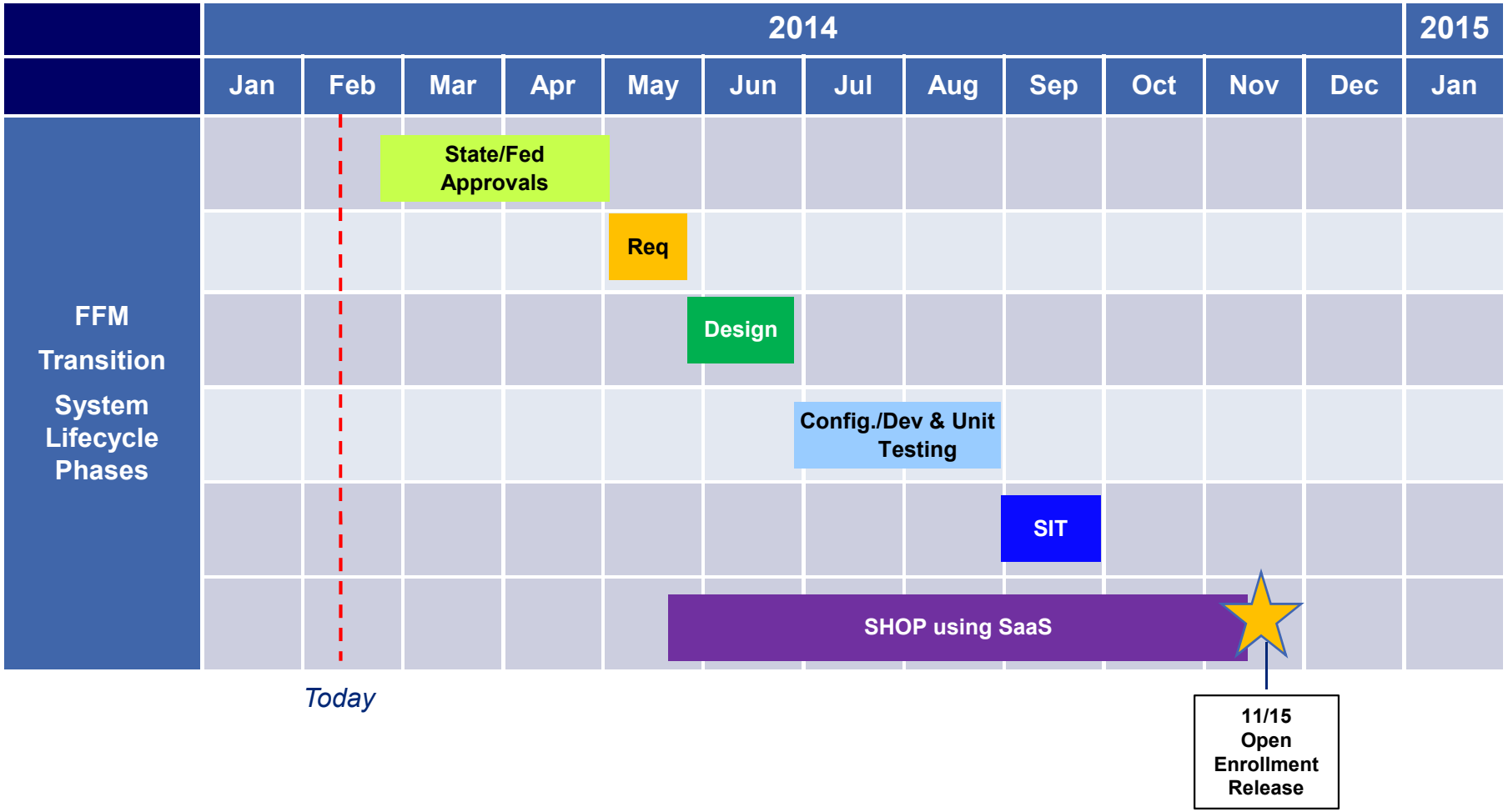
Illustrative Timeline for FFM Hybrid Solution

Legend

Key Milestone Date

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Illustrative Timeline for FFM Hybrid Solution



Legend

Key Milestone Date

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Cost Summary Analysis

The table below shows the associated costs with implementing a FFM solution. The possible associated costs include implementation cost (cost to implement the solution), maintenance cost (ongoing costs to maintain the solution), hosting cost (cost to host the solution), and license cost (cost to license the solution).

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	$3.5M in 2014 (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	$45M in 2014 (+150K Hrs in 2015)	$12M in 2014	No Change	No Change
2.1	Transfer Working SBM	$17-20M	No	No	No
2.2	Using Exeter's Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	$17-20M	No	No	No
3.2	Using Software-As-A-Service	$3.6M	No	$14.4M	No
3.3	Direct-to-Carrier Enrollment	$2-3M	<$100k	No	No
4.1	Transition to Full FFM	$4-6M	Yes	No	No
4.2	Partnership with HHS	$4-6M	Yes	No	No
4.3	Hybrid Model with HHS	$7.6-9.6M	Yes	$14.4M	No

Copyright © 2013 Deloitte Development LLC. All rights reserved.

Deloitte.

Official Professional Services Sponsor

Professional Services means audit, tax, consulting and financial advisory services.

About Deloitte
Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.

Copyright © 2013 Deloitte Development LLC. All rights reserved.
36 USC 220506
Member of Deloitte Touche Tohmatsu Limited