HIX Project Update

Board of Directors Meeting, October 9, 2014

Agenda

- IT Deployment and Testing Update

- Member Transition and Operational Readiness

- HIX Project Contract and Budget Update

Summary

- Thirty-six days out from Open Enrollment 2015, we believe that the website will work. Any consumer – whether they are seeking unsubsidized or subsidized care – will be able to enter through a single front door, integrated eligibility website to obtain affordable, quality health insurance

- We know how and why it will work because of strong testing execution and high pass rates to date; rigorous plans to continue testing and defect remediation through go-live, including coordination with health plans on back-office functionality and operations; implementation of security measures; and passage of key CMS readiness reviews

- But, no matter how well-built or well-tested, no IT system roll-out is ever perfect. That is why we have developed contingency strategies that match system failure scenarios with specific operational workarounds and backup measures when necessary

Summary (cont'd)

- Compared to last year, we have increased go-live staffing for call centers and paper application processing by 430 FTEs, and have training programs and schedules in place for front line enrollment assisters, including the 15 Navigator organizations and over 1,300 Certified Application Counselors (CACs) across the Commonwealth

- The state finalized its contract with Optum last week and, as a result, now has a final IT budget. CMS approved our August request for $80M in enhanced federal matching funds for IT development completion. The state share for the additional IT costs is about $26M

- Legacy and temporary coverage programs continue to be cost-effective, and are providing many low-to-moderate income people with the health security they are entitled to under the Affordable Care Act

IT Deployment and Testing Update

What hCentive Can Do Today

After three separate code releases, today hCentive contains core Exchange functionality, supports Massachusetts-specific affordability policies and Medicaid MAGI program determination and provides a single front door for consumers seeking subsidized and unsubsidized insurance options.

- User Interface (UI/UX): The overall look and feel of the website is Massachusetts-specific, with Health Connector and MassHealth logos and state-specific content

- Application Intake: Single Streamlined Application for Exchange, Medicaid and mixed tax households has been approved by CMS, uploaded and modifications have been to made to reflect feedback from stakeholders

- Eligibility Verification: Integration with the Federal Data Services Hub, including calls to Social Security Administration, Internal Revenue Service and other federal trusted data sources critical to enrollment, is stable and working; additionally, hCentive can run a Massachusetts residency check and contains additional verification functionality that strengthens program integrity

- Program Determination: hCentive supports QHP program determination and Medicaid program determination for 24 aid categories; it can also generate Medicaid notices and integrate with internal Medicaid eligibility systems (MMIS)

- State Wrap: State Wrap has been seamlessly integrated into hCentive, which means Wrap-eligible consumers will be shown the appropriate, more affordable plans made possible through this Massachusetts-specific subsidy

- Plan Management: All plans have been loaded with 2015 rates and benefits, and are being validated by issuers; issuers will finalize and resubmit by October 10, 2014

- Billing and Enrollment: hCentive has been automated to interface directly with Dell, the Health Connector's vendor that handles billing and enrollment transactions

- Back Office: Customer Service Representatives (CSRs) can act "on behalf" of an applicant to help consumers file applications over the phone at call centers
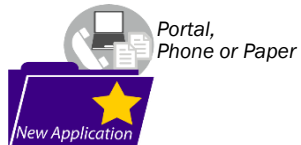
End-to-End Consumer Experience

1. Front Door

Portal or Phone
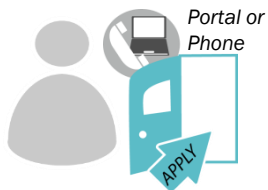
Participant enters through a single Front Door for CCA & MassHealth (hCentive)

2. Apply

Portal, Phone or Paper

New Application
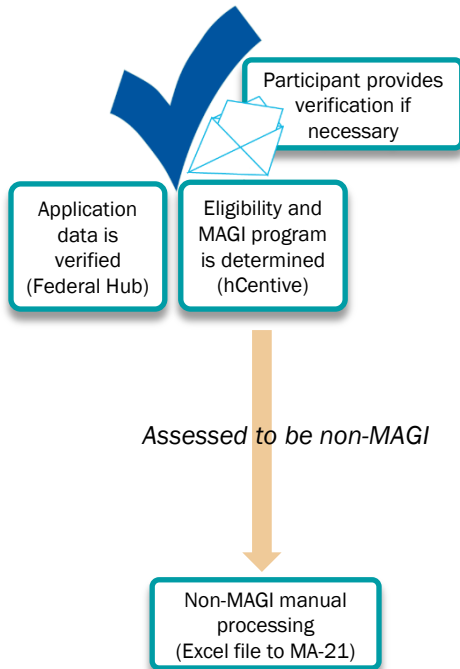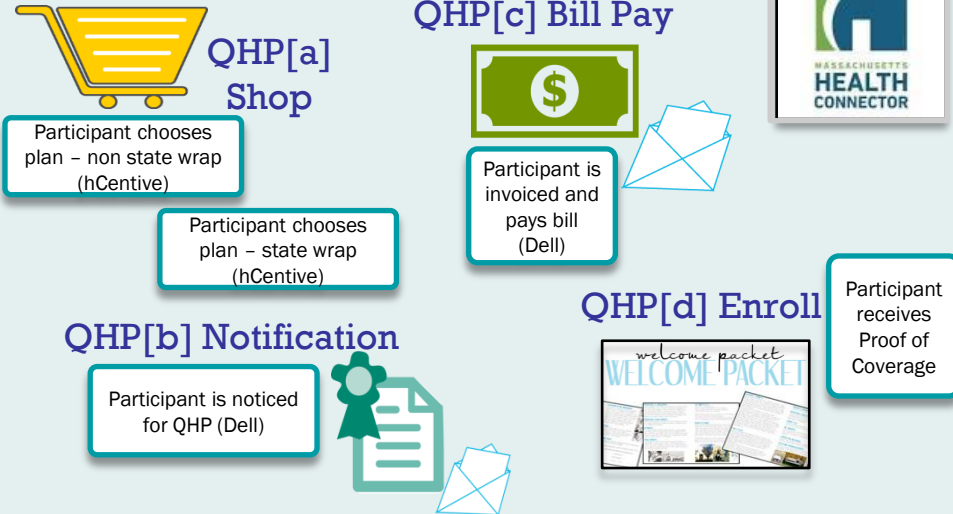
Participant creates account (Identity Mgt)

Participant completes application (hCentive)

3. Verify Eligibility

Participant provides verification if necessary

Application data is verified (Federal Hub)

Eligibility and MAGI program is determined (hCentive)

Assessed to be non-MAGI

Non-MAGI manual processing (Excel file to MA-21)

Qualified Health Plan

QHP[a] Shop

Participant chooses plan – non state wrap (hCentive)

Participant chooses plan – state wrap (hCentive)

QHP[c] Bill Pay

Participant is invoiced and pays bill (Dell)

QHP[b] Notification

Participant is noticed for QHP (Dell)

QHP[d] Enroll

Participant receives Proof of Coverage

welcome packet WELCOME PACKET

Medicaid

MH [a] Notification

Participant is noticed (from hCentive to MassIT)

MH [b] Enrollment

Eligibility information is sent to MMIS for enrollment

Functional Testing Timeline

Functional Testing: Testing to ensure the system works the way it was designed.

- Cycle One (9/22 – 10/5): Included Release 2.0 and new Release 3.0 functionality for Back Office and Medicaid program determination

    – hCentive Release 3.0 testing with Medicaid program determination completed on 10/5

    – Results for Cycle One: 88% executed; 91.5% passed and 8.5% failed

- Cycle Two (10/8 – 10/18): Includes Release 2.0 and new Release 3.0 functionality for Back Office and Medicaid program determination; adds MassHealth notices and disability, as well as defect fixes

    – Cycle Two started on schedule the evening of 10/8

    – This cycle will retest system with defect fixes and act as a final test run for quality baseline assessment/code freeze

- Code Freeze (10/31): At the end of Cycle Two, the Commonwealth and Optum will determine whether all major defects have been remediated so that code can be frozen in preparation for go-live

Functional Testing Update

Functional Testing: Testing to ensure the system works the way it was designed.

Testing Type	Total Test Cases	Percent of Test Cases Executed	Passage/ Accuracy Rate	Overall Status
Health Connector/QHP R3.0	1775	96%	91%	Green
MassHealth R3.0	500	83%	95%	Yellow

- hCentive Medicaid program determination functionality was introduced into testing cycles on September 22, 2014

  – Cycle One scope has been limited to program determination and user interface (UI/UX), as other functionality was delivered on 10/5 in the development environment and will be included in Cycle Two

  – We are identifying defects with complex family household program determination rules

  – Testing has overall yellow status for slight delay as a result of defects; defects will be resolved in next code build that was deployed on 10/8

Integration Testing Update

Integration Testing: Ensures that individual systems work interactively to provide a seamless user experience.

Testing Type	Total Test Cases	Percent of Test Cases Executed	Passage/ Accuracy Rate
Blueprint Round 1	10	100%	*100%
Blueprint Round 2	15	60%	*100%
Carrier Testing Round 1	229	88%	*89%
Carrier Testing Round 2	193	88%	TBD
Wave Testing	100	97%	87%
End-to-End Testing	99	42%	*93%

- Round One of Blueprint testing is complete and is awaiting IV&V attestation; Round Two is in progress and is awaiting attestation for executed test cases, and 4 test cases are pending supporting data

- Carrier testing Round One: executed 88% of test cases; encountered early challenges related to hCentive-Dell data validations

- Carrier testing Round Two: new enrollments (add transactions) started slow but have since made good progress; life event changes (change transactions) started this week and will continue to be a high priority

- Wave testing with CMS was completed on September 29, and we are focused on re-executing 10 failed test cases – 90 test cases were passed

- End-to-End testing is in progress; test cases are focused on mixed households; passage rates reflective of Front End validation only

Defect Remediation Overview

Identifying and fixing defects at this stage in the project is a top priority.
The goal is to resolve all open critical, high and medium defects prior to go-live.
To date, over 75 percent of identified defects have been resolved.

- To date, 960 plus defects identified since Release 1.0
  - 75% resolved [726 defects]
  - 14% awaiting closure, re-testing, fixed [132 defects]
  - 11% open [104 defects]

- Severity level of open defects [104 total defects]
  - Critical   – 13% [13 defects]
  - High   – 45% [47 defects]
  - Medium   – 20% [21 defects]
  - Low   – 22% [23 defects]

- With 100% of planned functionality in place, defect prioritization and resolution is now our primary focus
  - Over 50% of open defects resolved in current Release 3.0.4
  - Any remaining releases (post R3.0.5) will focus 100% on defect fixes

Defect Remediation Overview (cont'd)

No "show stopper" defects that could impact go-live have been uncovered. However, ongoing testing, defect remediation and regression testing is necessary.

- User Interface (UI/UX) - Overall Look & Feel
  - Majority of open defects related predominately to static changes (40%)

- Eligibility Verification
  - All FDSH service calls are stable and working; testing of Massachusetts residency check underway

- Program Determination
  - QHP primarily stable; low number of defects overall
  - MassHealth high success rate on hCentive proof of concept (POC) testing; Optum testing underway

- State Wrap
  - Functional with positive results

- Plan Management
  - Positive results from round one Plan Previews conducted by issuers; Round two underway

- Billing and Enrollment
  - Early challenges related to hCentive-Dell data validations
  - New enrollments (add transactions) started slow but have since made good progress
  - Life Events (change transactions) internal testing to start this week

Performance Testing – Load Analytics

Performance testing is in progress for hCentive Release 3.0 and includes modeling for two key populations: anonymous browsers and eligible members. We have identified two peak days for the performance testing and our approach involves the testing of concurrent users across the spectrum of functionality supported by hCentive for those scenarios.

November 15, 2014
Open Enrollment starts

Peak #1
Total 46,036 concurrent users/Hr
(@ 289 TPS)

Anonymous Browsers = 40,038 concurrent users /Hr

@ 200 transactions per second (TPS)

Eligible Members = 5,998
concurrent users /Hr
@ 88 transactions per second (TPS)

December 23, 2014
Open Enrollment closes for coverage starting 1/1/15

Peak #2
Total 26,248 concurrent users /Hr
(@ 326 TPS)

Anonymous Browsers = 6,562 concurrent users /Hr

@ 31 transactions per second (TPS)

Eligible Members = 19,992
concurrent users/Hr @ 294 transactions per second (TPS)

Performance Testing

Release 2: Completed
Performance test start date: 08/18/2014
Performance test end date: 09/22/2014

Release 3 – In Progress
Performance test start date: 09/23/2014
Performance test end date: 10/31/2014

Smoke test → Load test → Stress test → Endurance test → Failover test

Test Scenarios – Primary

- Anonymous Browsing
- User Account Creation
- IDM Login & Logout
- QHP Unsubsidized /Subsidized
- Medicaid
- Combined Test 1 (Peak 1 volume)
- Combined Test 2 (Peak 2 volume)

❑ Combined tests include Anonymous Shopping, QHP (Sub & Un-Subsidized) & Medicaid Scripts.

R3 Testing Plan

- Combined Test 1:
  - Load testing with a peak load of 12,671 concurrent users and 46,036 iterations /HR
  - Stress testing targeting 4 times the peak load of Peak 1
  - Endurance test for over 24 hours with 25% of peak load – 3,168 concurrent users with 11,509 iterations

- Combined Test 2:
  - Load testing with a peak load of 20,660 concurrent users and 26,248 iterations/HR
  - Stress testing targeting 4 times peak load of Peak 2
  - Endurance test for over 24 hours with 25% of peak load – 5,164 concurrent users with 6,562 iterations

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Performance Testing: Overview of Release 3.0

Achievements

- Proven the performance of key components for Release 2.0 testing
  - Identity Management
  - Login/Logout
  - Account Creation
  - Anonymous Browsing
- Met end-to-end scenario targets on Release 2.0 code base
  - Excluded interfaces to MMIS, Lexus/Nexis and Experian, which were made available in Release 3.0
- Upgraded capacity across Optum data centers

Observations

- Platform is performing and capable of meeting our volume and response targets
- Performance tuning has been extensive and valuable in optimizing application
- We have met our targets on the Release 2.0 code base and have high confidence in Release 3.0

Next Steps

- Continue to make progress on Combined Scenario Load Test – Peak 1 & Peak 2 volumes
- Verify production environment performance

Security Preparedness

The HIX project is supported by state and Optum teams dedicated to protecting the security and integrity of the website, and the privacy of residents who use it.

- Protecting personal information and maintaining system security is the Commonwealth's foremost priority

- MassIT has centralized ownership and oversight of HIX data and security and serves as the project's single point of authority for security preparedness. The state's HIX Security Management Program (SMP), which works alongside Optum security, oversees two tracks:
  - Continuous monitoring and ongoing management of the current HIX in accordance with CMS requirements, and preparing for decommissioning of the system; and,
  - Preparing the new hCentive HIX for a successful and secure go-live by completing CMS and IRS certification and accreditation requirements for security and privacy

- Optum is experienced in protecting personal health information for over 70 million health care consumers, and leverages a very mature and multilayered security model. Utilizing various security divisions, combining compliance, cyber defense units, and security monitoring, Optum is well positioned to protect the confidential information of the Commonwealth's residents

- Robust disaster recovery plans include Production Infrastructure components that are located in two geographically separate data centers so if one data center goes down, the application continues to function

- Despite last year's IT challenges, the current system has remained secure and no data breaches have occurred

- The Commonwealth is in constant contact with federal partners and submits federally-required reporting milestones and security plans on an ongoing basis

- The Commonwealth regularly engages industry-leading third parties to conduct independent assessments of the HIX
  - At least three third party reviews have been conducted for the existing system
  - A third party assessment of new system will be completed by Coal Fire this month

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Security Preparedness (cont'd)

The Security Management Program team is working with our federal partners to meet two critical milestones for go-live: the Authority to Connect (ATC) and IRS approval to use Federal Tax Information (FTI).

- Receiving ATC and FTI approvals will mean we have adequately demonstrated data can securely flow through the hCentive HIX; additionally, the Commonwealth will be authorized to "ping" the federal Hub and receive personal information necessary to verify and determine program eligibility

- The Commonwealth is on track to provide deliverables required for the ATC, which we expect to receive in early November

    – Demonstrate security preparedness to CMS this week during Operational Readiness Review

    – SMP provides iterative submissions to CMS, allowing them to monitor our readiness in real time

    – Documentation is comprehensive and includes requirements for how state personnel safely handles applicants' personal information

- The SMP team performed a comprehensive on-site review at the Optum Data and Operations Centers in Minnesota and verified the strong technical and operational controls in place

- We have asked Coal Fire, the third party conducting an assessment this month, as well as IV&V vendor BerryDunn, to deliver results in real-time to allow for immediate remediation of any risks

Member Transition and Operational Readiness

Member Transition

- With IT development complete and rigorous system testing underway, the Commonwealth continues to bring a laser-focus to successfully transitioning members in legacy and temporary programs to permanent coverage. We must prevent coverage gaps and build enrollment ranks by providing sufficient time to re-apply, extensive consumer outreach and adequate call center and paper application processing staffing
- To mitigate coverage gaps and better manage state, insurer and provider back office operations, we asked CMS to allow the Commonwealth to extend the following programs beyond the current end date of December 31, 2014:
  - Commonwealth Care/MSP (93,758 members as of 10/7)
  - Temporary Medicaid (305,503 members as of 9/27)
- For the Commonwealth Care and MSP programs, we plan to extend their coverage from December 31, 2014 to January 31, 2015
  - Provides an additional 30 days to apply without a gap
  - Will require extensions to existing health plan contracts and partnership with the MCOs to operationalize the additional coverage period
- For Temporary Medicaid members, we plan to extend and end their coverage in waves – dividing the population into three approximately equal groups (est. appx 100K per group), sequenced based upon a "first in, first out" logic

	Wave 1	Wave 2	Wave 3
Notice Date	11/15	11/30	12/15
Termination Date	1/15	1/31	2/15

  - For those in Waves 1 and 3 who submit a new application on time and become eligible for a QHP effective 2/1 (Wave 1) and 3/1 (Wave 3), we will provide gap coverage up through their new QHP effective date

Operational Readiness: Staffing Plans

- Optum evaluated the Commonwealth's business operational readiness by assessing the Health Connector and MassHealth's call center and paper application processing forecasts and staffing plans. Based on that assessment, the state asked Optum and Maximus to bring on additional resources to ensure appropriate staffing levels during Open Enrollment 2015

- We will have a total of 680 FTEs for customer service – 430 more than last year

  - CCA: 100 more FTEs

  - MassHealth: 80 more FTEs

  - Optum: 250 FTEs

- We are focused on ensuring that speed to answers meet service level agreements, consumers are always treated with respect, and paper applications are processed within two business days once received

- Optum's 250 FTEs will initially be trained to process paper applications and can support other operational functions, such as outbound calls, as needs arise

Operational Readiness: Contingency Plans

- Knowing that an IT launch of this size and complexity is never perfect and that we have a tight runway, we are prepared to handle scenarios where certain parts of the system are not ready or do not function well

  - Incorporating IT backstop that, if needed, allows us to go live with core functionality only, with certain pieces temporarily "switched off"; and

  - Preparing an operational backstop that provides the flexibility to rapidly scale up manual workarounds via the call center and back office workflows

- Our contingency planning addresses "catastrophic" scenarios of major functionality or performance failure where we ensure rapid response with backup infrastructure, fall-back release (Release 3.0) and manual workarounds

HIX Project Contract and Budget Update

HIX Project Contract & Budget Update

- In spite of website challenges, more people are insured today in Massachusetts than before the Affordable Care Act and we continue to lead the nation on health care reform

- Following the Governor's project reforms in February – including the establishment of a single point of accountability governance structure and hiring of a new IT vendor with a track record of turning complex Exchange projects around – the Commonwealth has updated the public about IT development, member transition, consumer outreach and operational/contingency plans and costs during:

  - 12 Health Connector Board of Director meetings and media briefings;

  - 7 dashboards and follow-up media conference calls;

  - 5 legislative and Congressional hearings;

  - June release of transition agreement with former Systems Integrator;

  - July submission of comprehensive costs report to Legislature; and

  - October release of Optum contract

HIX Project Contract & Budget Update (cont'd)

- Costs associated with building an Exchange website with integrated eligibility functionality to serve unsubsidized and subsidized applicants through a single front door were initially estimated to be $174.5M

- In August, we reported that completing the website will cost an additional $80M. That brings total IT project costs for providing integrated eligibility to individuals and families to $254M

- The Commonwealth received CMS approval of enhanced federal matching funds for the additional $80M in costs. After this federal match, the additional cost to the Commonwealth for fixing the website issues will be $26.1M

	Federal Share	State Share	Total
Original IT Budget	$158.8M	$15.7M	$174.5M
Current IT Budget	$212.1M	$41.8M	$253.9M
Difference in IT Budget	$53.3M	$26.1M	$79.4M

- The return on investment is still enormous – faster, quicker access to coverage for more residents of Massachusetts, and an incredible tool for promoting competition, innovation and cost containment among health insurers

HIX Project Contract & Budget Update (cont'd)

- The Commonwealth finalized its contract with Optum on September 30, 2014. The agreement totals $93.8M for IT costs and $8.6M for project recovery and member transition

- The contract secures the following provisions aimed at protecting taxpayers' investment and holding Optum accountable for its work:

  - Liquidated Damages for failure to meet milestones

  - Pay-on-delivery, at-risk

  - Final acceptance requirements

  - System warranty

- The cost of the Optum contract is included in the total IT project cost of $254M

- The state posted the document to MassIT's website for public review

HIX Project Contract & Budget Update (cont'd)

- The Affordable Care Act (ACA) significantly expands access to subsidized coverage, even as compared to the health insurance safety net established by our state reforms. ACA-related outreach has also highlighted subsidized coverage opportunities for people who were previously eligible but did not enroll

- Through the use of temporary Medicaid coverage in calendar year 2014, we are ensuring that the many low-to-moderate income families who newly qualify or sign-up for subsidized coverage under the ACA can achieve the health security to which they are entitled while we fix the website

- Our expenses for providing subsidized coverage related to the ACA have been cost-effective and on budget. As previously reported, the state paid $138.7M on a gross basis for temporary Medicaid coverage in Fiscal Year 2014. This was accommodated within the MassHealth budget without a supplemental appropriation – underscoring that we budgeted for covering more people under the ACA, and are paying no more per person in relying on temporary Medicaid as a short-term coverage vehicle this year

- For the first three full months of Fiscal Year 2015, the state has paid $182.2M on a gross basis for temporary Medicaid coverage. The program currently supports nearly 306,000 members. We will continue to actively monitor this program and provide monthly reports on costs