

MEMORANDUM

To: Health Connector Board of Directors
Cc: Glen Shor, Ed DeAngelo
From: Roni Mansur, Chief Operating Officer
Kaitlyn Kenney, Director of Policy & Research and National Health Care Reform Coordinator
Date: February 17, 2012
Re: Exchange Transition Project Management Continuation

Background

The Health Connector issued a Request For Proposals (RFP) in fall 2011 for the purpose of securing project management assistance associated with the Health Connector's national health care reform transition efforts. That RFP was structured such that respondents were asked to bid on both an initial scope of services and a subsequent scope of services. The services anticipated under each of these phases of work are summarized below.

Initial Scope of Services to be Provided by the Vendor (Phase 1):

- completing a multi-component current state assessment, and recommending an internal organizational governance structure that defines a decision hierarchy and escalation process to facilitate cross workgroup, multi-level decision making;
- establishing a Project Management Office (PMO); and
- developing a "Health Connector 2.0" Roadmap that outlines all activities, deliverables, and outstanding decisions involved in transforming the Health Connector to achieve Affordable Care Act (ACA) compliance and organizational goals set by the Health Connector.

Subsequent Scope of Services to be Provided by the Vendor, if Health Connector Exercises this option (Phase 2):

- maintenance and facilitation of the Governance Model;
- execution and operation of the PMO; and
- support of the implementation of the "Health Connector 2.0" Roadmap.

The Health Connector expected the initial scope of services (Phase 1 of this engagement) would require approximately an eight week engagement with the vendor. Upon completion of the first phase, the RFP was structured such that the Health Connector could then choose, at its sole discretion, to extend the engagement with the vendor to perform the second phase of services.

In November 2011, Health Connector staff recommended contracting with Deloitte Consulting, LLP (Deloitte) for the purpose of providing the Health Connector Exchange Transition Project Management Assistance. The contract term was set to run from November 2011 through June 2012, with the option for two one year renewals at the sole discretion of the Health Connector. The Board approved the Health Connector's recommendation and authorized the Health Connector's discretion to pursue Phase 2 of this engagement, however, Health Connector staff made clear our intention to return to the Board to report on Deloitte's performance and seek authorization to commence Phase 2, if determined appropriate. The purpose of this memorandum is to provide a summary update on the work completed under Phase 1 and recommend continuation of our engagement with Deloitte to perform the scope of services described in Phase 2.

Completion of Phase 1

Deloitte has successfully completed all deliverables anticipated under Phase 1 of our engagement. First, Deloitte conducted a multi-component current state assessment by evaluating our existing transition planning and project management capabilities. This assessment revealed the need to augment existing, internal work groups which were initially established to carry out the Health Connector's health reform transition activities. Deloitte's evaluation highlighted the need to develop more clarity pertaining to specific work group charters and expected deliverables and to introduce and support utilization of standard project management templates and tracking tools. Finally, the current state assessment also revealed challenges relative to senior staff capacity (i.e., available time) to handle both existing programmatic responsibilities and transition planning activities. Deloitte documented concerns that consistent, sustained progress in the latter was being hindered as a result of these resource and capacity constraints.

Building off the findings of their current state assessment, Deloitte recommended a revised Transition Governance Model. The recommended matrix model approach for structuring our transition efforts has been adopted by the Health Connector and is comprised of eight work groups and six work threads, generally led by members of the senior team. The eight work groups established as part of this revised Transition Governance model are as follows: Front End; Back End; Customer Service; Plan Management, Products and Quality; Financial Management and Risk Adjustment; Brokers and Navigators; Outreach and Education; and Program Oversight. These are critical components to the development of a successful and ACA-compliant operating model for "Health Connector 2.0." The work threads that will run across each of these work groups are intended to identify the necessary technology, resources (i.e., staff training), financial models, policy/legislative decisions, and external communications to support the operating model that will be "Health Connector 2.0" and ensure these are aligned. Health Connector leadership will oversee all work group leads and work thread leads. This will include facilitation of Board engagement on key issues and decision points.

These work groups and work thread leads will need to be actively supported by the PMO. As part of their work in establishing the PMO, Deloitte created standardized project management processes, tools and templates which can be used to document and track the activities and progress of each work group and work thread. This will allow senior staff to focus on completion of work group deliverables on a timely basis and to ensure cross work group risks and dependencies are accounted for and addressed.

Finally, to enable work group and work thread leads to appreciate the importance of coordination across this Transition Governance structure, Deloitte created an integrated project plan and a high level Roadmap. The integrated project plan outlines activities and dependencies across the various work groups and work threads. The Roadmap provides a summary view of the integrated project plan and highlights the key milestones that must be achieved as part of the transition. The integrated project plan and Roadmap will serve as an important guide for the Health Connector to ensure accomplishment of the major milestones that are necessary for the Health Connector to achieve compliance with the ACA by 2014.

Recommendation to Exercise Option to Continue Engagement for Phase 2

In order to transition into an ACA-compliant Exchange, the Health Connector will need to achieve a number of operational, technological, and policy/legislative milestones within tight (often federally defined) timeframes. This must be accomplished while maintaining strong levels of service to our current Commonwealth Care and Commonwealth Choice customers, and performing our other legal, policy, and programmatic responsibilities.

Deloitte has helped to construct the internal Transition Governance Model, establish the PMO, and develop a Roadmap. Collectively, this provides us with a recommended structure, tools, and timeline to guide us in moving forward in our transition planning efforts. Nonetheless, to actually effectuate this structure, employ the PMO tools, and begin accomplishing milestones in the Roadmap, we recognize a strong need for ongoing project management support. Absent that sustained project support, we have concerns that execution of this framework and its associated tools may be hindered given the extent to which staff time is already consumed with current and ongoing programmatic responsibilities.

Health Connector senior staff will serve as the key drivers of the overall strategy associated with national health reform transition efforts in their roles as work group and work thread leads. In order to do this, PMO support staff will be necessary to facilitate completion of tracking tools and reports, to perform maintenance and updates to them to ensure they are sufficiently monitoring the status of the transition project, to highlight areas where there is risk of not meeting prescribed deliverable completion dates or milestones, and to identify the dependencies that may be impacted by any delays.

Specifically, we are recommending that the Health Connector continue our engagement with Deloitte so that they may perform the activities included in Phase 2, and consistent with the option described in the initial RFP, Deloitte would be responsible for providing the following tasks and services:

- operating the Exchange Transition PMO by institutionalizing project management processes and tools, and developing and disseminating templates when needed;
- managing transition progress and tracking it against individual workgroup charters and the integrated project plan (based on the Roadmap) and overseeing updates to the integrated project plan, when necessary;
- developing and compiling standardized weekly status reports for each workgroup, and a weekly executive dashboard for senior staff to track and monitor status;
- scheduling and coordinating weekly or bi-weekly meetings with workgroups and owners of milestones and key work activities based on the refined governance model;
- facilitating workshops to coordinate workgroup activities and the development of workgroup deliverables;
- coordinating issue resolution across workgroups, identifying key risks and developing mitigation strategies through a consolidated risk, issues, decisions, and assumptions log;
- identifying key dependencies among workgroups or with external entities, determining impacts of the dependencies on key transition program activities and milestones by incorporating these into the integrated project plan; and
- developing and coordinating a communication calendar to ensure appropriate communication among internal workgroups and external stakeholders.

Deloitte has demonstrated experience and expertise in large scale initiatives such as this; establishing a PMO and project management foundation was an important step in our Exchange transition efforts, but *execution* of our revised Transition Governance Model, *employment* of PMO tools and processes, and a *system of accountability* to ensure we are meeting the milestone in our Roadmap will be critical to the Health Connector's ability to become an ACA-compliant Exchange by 2014.

Summary: Key Terms of Engagement

Term: The contract term has not been modified from what was presented in November 2011. As described at that time, the contract with Deloitte began in November 2011 and ends in June 2012. The

contract includes the option for two additional one-year renewals at the discretion of the Health Connector.

At this time, Health Connector staff is recommending that, under our existing contract, we exercise our discretion to continue our engagement with Deloitte and pursue the scope of services included in Phase 2 for ongoing project management assistance for 14 weeks (i.e., from January 2012 through May 2012). Depending on Deloitte's performance in providing these services, Health Connector needs, and receipt of federal grant funds, staff may return to the Board for further authorization to continue this engagement.

Cost: \$159,807/month or \$552,062/total for the 14 week engagement

The Health Connector funded Phase 1 of this engagement through Exchange Planning Grant resources. In our separate Level 1 Establishment Grant proposal, we requested funding for ongoing project management assistance associated with our transition efforts. It is through that resource that we anticipate funding this engagement. We are confident that this request will be approved and the funding opportunity announcement does indicate that pre-award costs that are allowable and incurred up to 90 days before the grant award can be reimbursed through this funding opportunity. In the event the unforeseeable occurs, this effort – national health reform transition planning and our effort to become an ACA-compliant Exchange by 2014 – is such a critical organizational priority, that we would seek an alternative means to finance this proposed engagement.

Scope of Work: The scope of work has been described in detail above. In summary, by completing these Phase 2 tasks and responsibilities Deloitte would be providing critical project management assistance necessary to ensure maintenance and facilitation of the Transition Governance Model; execution and ongoing operation of the PMO and its associated project monitoring tools; and support associated with implementation of the "Health Connector 2.0" Roadmap.